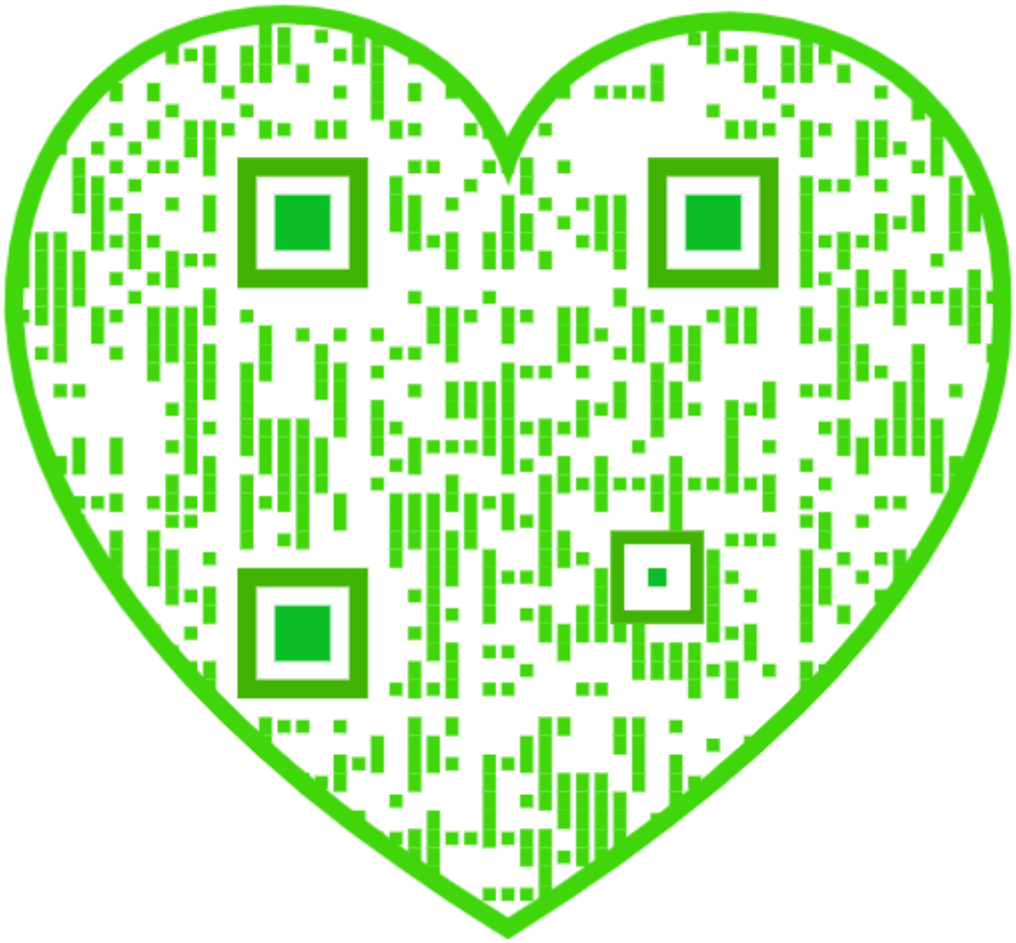

MESERVEY'S

MANUAL OF BOOKKEEPING

AND

BANKING

BY

A. B. MESERVEY, PH.D.

LATE PRINCIPAL OF THE NEW HAMPTON LITERARY INSTITUTION
NEW HAMPTON, N. H.

Author of Text-Books in Bookkeeping, Political Economy, etc.

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PREFACE.

THE publication of Meservey's Book-Keeping by single and double entry, in 1875, was the signal for a new departure in the study of book-keeping. Simple, natural, practical, and, at the same time, scientific and comprehensive, from the very first, it was cordially received, extensively adopted, and almost unanimously commended by teachers and school boards, as a text-book specially adapted for use in public and private schools.

From time to time the work has been revised, dates and prices have been changed, and additions have been made, as new conditions seemed to demand; and evidently the book was never more popular than it is at the present time.

But there has been an increasing demand for a text-book, developed on similar lines, but a little more difficult, and somewhat more comprehensive, for use in high schools and academies. To meet this want, the following pages have been prepared. The book is not a revision, nor a rewriting of the former work, but is entirely new, designed for more advanced classes and higher schools. The author has embodied in this treatise the results of an experience of many years, in the counting-room, in the public schools, and in the commercial college. It is not claimed that all the business forms employed by the accountant are to be found in this treatise; but it *is* claimed that it contains just what every boy and girl ought to know in regard to the "science of accounts and the art of recording business transactions," before leaving the public school.

The author would direct the attention of those who are interested in the subject to the following special features of the work: —

The accurate and concise definitions; the clear and adequate explanations; skeleton pages for blackboard exercises; red ink diagrams for illustrating general principles; the cash-register and its uses; outside and inside salesmen and the three ledgers; posting from books of original record; five, six, and special column journals; simple and joint shipments and consignments; savings and national banks; commercial paper; statute of limitations; business forms.

The author desires to express his obligation to Professor Frank W. Preston, Principal of New Hampton Literary Institution, for valuable suggestions; to Professor Henry B. Bacon, Vice-President of New Hampton Commercial College, for personal assistance in preparing the examples in banking; and to Mr. William C. White, Treasurer of Bristol Savings Bank and Cashier of the First National Bank, for free access to the books of both banks.

TABLE OF CONTENTS

	Page
Definitions	1
Books used in Single Entry	3
Questions for Review	4
Barter	4
Cash Transactions	4
Rules for Cash Entries	5
Cash-Book, described	5
Diagram representing Cash-Book	6
Example I. Cash-Book, only	6
The Use of Red Ink	7
Rules for Red Ink Entries	7
Closing the Cash-Book	8
Example II. Cash Transactions, only	9
Questions for Review	9
Bills Receivable and Bills Payable	10
The Proprietor	11
Rules for Proprietor's Acct.	11
Diagram of Proprietor's Acct.	12
Partnership	13
Example III. Proprietor's Acct.	13
Example IV. Proprietor's Acct.	14
Questions for Review	14
Day-Book	15
Skeleton Page of Day-Book	16
Standard Ledger, described	17
Diagram of Standard Ledger	17
Example V. Memoranda	18
Example V. Day-Book	20
Posting, explained	23
Example V. Ledger, not closed	24
Proof of Posting	25
Proof-Sheet	25
Diagram of Proof of Posting	26
Corrected Ledger	27
Closing the Ledger	28
Statement of Resources and Liabilities	29

PAGE

DIAGRAM OF STATEMENT AND LIABILITIES 30
EXAMPLE V. CASH-BOOK 31
" " BILL-BOOK 31
" " INVENTORY-BOOK 32
EXAMPLE VI. MEMORANDA 33
EXAMPLE VI. PROOF-SHEET AND STATEMENT 35
EXAMPLE VII. MEMORANDA 36
EXAMPLE VII. PROOF-SHEET AND STATEMENT 38
EXAMPLE VIII. MEMORANDA 39
EXAMPLE VIII. STATEMENT 40
EXAMPLE IX. MEMORANDA 40
QUESTIONS FOR REVIEW 42
PROMISSORY NOTES 42
ORDERS — DRAFTS 43
QUESTIONS 45
EXAMPLE X. PARTNERSHIP 46
" " DAY-BOOK 50
" " STATEMENT 52
EXAMPLE XI. MEMORANDA 53
EXAMPLE XII. MEMORANDA 56
CASH-REGISTER 57
BANK CHECKS 58
OUTSIDE AND INSIDE SALESMEN 59
EXAMPLE XII.. CASH-REGISTER 60
ORDER-BOOK 63
EXAMPLE XIII. LEDGER 64
" " CHECK-BOOK 66
" " BANK ACCT. — PASS-BOOK 67
" " INVOICE REGISTER 68
EXAMPLE XIV. THREE LEDGERS 69
EXAMPLE XIV. SALES LEDGER 73
QUESTIONS FOR REVIEW 74
WHOLESALE BUSINESS 74
EXAMPLE XV. MEMORANDA 77
" " DAY-BOOK 83
" " PURCHASE-BOOK 84
" " SALES-BOOK 85
" " CASH-BOOK 86
" " PROOF-SHEET 88
" " STATEMENT 89
QUESTIONS 90
EXAMPLE XVI. MEMORANDA 91
EXAMPLE XVI. STATEMENT 97
PART SECOND 98
DOUBLE ENTRY ACCTS. 98

PAGE

DEBITS AND CREDITS 99
GENERAL PRINCIPLES 99
DAY-BOOK 101
JOURNAL 102
LEDGER 103
EXAMPLE I. DAY-BOOK 104
EXAMPLE I. JOURNAL 105
PROOF OF JOURNALIZING 106
EXAMPLE I. LEDGER NOT CLOSED 108
EXAMPLE I. PROOF OF POSTING 109
CLOSING THE LEDGER 112
RULES FOR CLOSING THE LEDGER 120
EXAMPLE II. MEMORANDA 122
EXAMPLE III. MEMORANDA 124
DIAGRAM FOR CLOSING LEDGER 127
EXAMPLE IV. CONTINUATION OF EXAMPLE III. 128
CASH-BOOK FOR EXAMPLES III. AND IV. 130
EXAMPLE V. MEMORANDA 132
QUESTIONS 133
EXAMPLE VI. JOURNAL-DAY-BOOK 134
EXAMPLE VII. MEMORANDA 138
WHOLESALE BUSINESS 141
EXAMPLE VIII. JOURNAL-DAY-BOOK 143
" " INVOICE-BOOK 144
" " SALES-BOOK 145
" " CASH-BOOK 146
" " TRIAL BALANCE — PROOF OF POSTING 148
EXAMPLE IX. MEMORANDA 149
QUESTIONS FOR REVIEW 151
SPECIAL-COLUMN JOURNAL-DAY-BOOK 152
EXAMPLE X. SPECIAL COLUMNS 153
EXAMPLE XI. CONTINUATION OF EXAMPLE X. 155
EXAMPLE XII. SIX-COLUMN JOURNAL 156
COMMISSION BUSINESS — DEFINITIONS 157
RULES FOR SHIPMENTS 158
EXAMPLE XIII. SHIPMENTS 159
EXAMPLE XIV. SHIPMENTS 160
CONSIGNMENTS, RULES FOR 161
EXAMPLE XV. CONSIGNMENTS 162
EXAMPLE XVI. CONSIGNMENTS 163
EXAMPLE XVII. SPECIAL-COLUMN JOURNAL 165
EXAMPLE XVIII. " " " 166
EXAMPLE XIX. " " " 166
RECEIVING-SALES-BOOK, EXPLAINED 168
EXAMPLE XX. POSTING FROM ORIGINAL ENTRIES 169

PAGE

EXAMPLE XX. CASH-BOOK 170
" " RECEIVING-SALES-BOOK 170
" " ACCT. SALES 172
EXAMPLE XXI. COMMISSION BUSINESS 173
QUESTIONS FOR REVIEW 174
JOINT COMMISSION BUSINESS 175
DEFINITIONS — RULES 175
EXAMPLE XXII. JOINT COMM. BUSINESS 176
" " CASH-BOOK 179
" " RECEIVING-SALES-BOOK 180
" " ACCT. SALES 184
EQUATION OF PAYMENTS — RULES 185
EXAMPLE XXIII. COMM. AND JOINT COMM. 187
QUESTIONS FOR REVIEW 191
BANKING — DEFINITIONS 192
SAVINGS BANKS 192
BOOKS OF SAVINGS BANKS 193
CASH-BOOK 193
DEPOSIT LEDGER 194
PASS-BOOK 195
STOCK AND BOND REGISTER 196
BOSTON DEPOSIT REGISTER 196
QUESTIONS FOR REVIEW 197
DIME SAVINGS BANK 198
" " " RESOURCES 198
" " " LIABILITIES 199
" " " MEMORANDA 199
" " " LOAN REGISTER 202
" " " STOCK-AND-BOND REGISTER 202
" " " CASH-BOOK 204
" " " BOSTON DEPOSIT REGISTER 208
" " " DEPOSIT LEDGER — PASS-BOOKS 210
DIVIDEND 212
DIVIDEND SCHEDULE 214
RESOURCES AND LIABILITIES AT CLOSING 221
NATIONAL BANKS 222
ORGANIZATION — CORPORATE POWERS — REAL ESTATE 222
CAPITAL STOCK — DIRECTORS — DEPOSIT OF BONDS 223
CIRCULATION — REDEMPTION — SURPLUS CAPITAL — LOANS . . . 224
REPORTS — OFFICERS 225
BOOKS 226
TABULAR STATEMENT FOR MAKING RECORDS 233
QUESTIONS FOR REVIEW 236
PUBLIC SCHOOL NATIONAL BANK 239
CLOSING THE BOOKS 243

PAGE
DIVIDEND 253
DIVIDEND SCHEDULE 254
STOCK LEDGER 256
RECEIVING TELLER'S CASH-BOOK 259
PAYING TELLER'S CASH-BOOK 261
DISCOUNT REGISTER 262
DISCOUNT TICKLER 262
COLLECTION REGISTER 264
COLLECTION TICKLER 264
BOSTON DEPOSIT REGISTER 266
CASH-LEDGER 268
DEPOSIT LEDGER 272
COMMERCIAL PAPER — BILL OF EXCHANGE 273
PROMISSORY NOTES 275
STATUTE OF LIMITATIONS 277
FORMS OF COMMERCIAL PAPER 278
QUESTIONS FOR REVIEW 283

ABBREVIATIONS.

@. — At.
Acct. or **%.** — Account.
Acct. Sales. — Account of sales.
Amt. — Amount.
Ans. — Answer.

Bal. — Balance.
Bal. Acct. — Balance account.
B. & A. — Boston & Albany.
B. & L. — Boston & Lowell.
B. & M. — Boston & Maine.
B. B. — Bill-book.
Bbl. — Barrel.
Bk. — Bank.
Bls. — Balmorals.
Bos. Dep. Reg. — Boston deposit register.
Bot. — Bought.
B. P. or **B. Pay.** — Bills payable.
B. R. or **B. Rec.** — Bills receivable.
Brot. — Brought.
Bros. — Brothers.
Bu. or **Bush.** — Bushel.

¢ — Cents.
Cap. — Capital.
Cash. — Cashier.
C. B. — Cash-book.
C. C. — Certified check.
Chgd. — Charged.
Chgs. — Charges.
Ck. — Check.
C. L. — Cash-ledger.
C/o — Care of.
Co. — Company.
Col. or **Coll.** — Collection.
Col. and Ex. — Collection and exchange.
C. of D. — Certificate of deposit.
Col. Reg. — Collection register.
Col. Tic. — Collection tickler.
Comm. — Commission.
Consgt. — Consignment.
Cr. — Credit.
C. S. B. — Commission sales-book.
Cts. — Cents.

D. B. — Day-book.
Depos. or **Dep.** — Deposit.
Dep. Led. — Deposit ledger.
Dft. — Draft.
Dis. — Discount.
Dis. Reg. — Discount Register.
Div. — Dividend.
Do. — The same.
Doz. — Dozen.
Dr. — Debtor.
Ds. — Days.

Ea. — Each.
Estmt. — Estimated.
Ex. — Example, exchange.

Fol. — Folio.
For. Cks. — Foreign checks.

Gal. — Gallon.

I. B. — Invoice-book.
Int. — Interest.
Inv. — Invoice.
Invt. — Inventory.

J. — Journal.
J. F. — Journal folio.
Jt. — Joint.
Jt. Consgt. — Joint consignment.
£. — Pounds sterling.
L. or **Led.** — Ledger.
Lb. — Pound.
L. F. — Ledger folio.

M. — One thousand.
Mdse. — Merchandise.
Mo. — Month.
Mtg. — Mortgage.

Nat. — National.
No. or **#.** — Number.

%. — Per cent.
P. — Page.
Pay. Tel. C. B. — Paying teller's cash-book.
Pd. — Paid.
Per. — By.
Per cent. — By the hundred.
Pr. — Pair.
Pref. — Preferred.
Prem. — Premium.
Prin. — Principal.
Pt. — Pint.

Qt. — Quart.

Recd. — Received.
R. R. — Railroad.
R. T. C. B. — Receiving teller's cash-book.

S. B. — Sales-book.
Shipt. — Shipment.
Sund. — Sundries.

Tic. — Tickler.

$. — Dollars.

Yd. — Yard.

BOOK-KEEPING.

DEFINITIONS.

Property is anything which has exchangeable value, to which a person has a legal title.

A Debt is value legally due from one person to another, whether payable at the present time or in the future.

Capital is property invested in business for the sake of profit.

Net Capital is the excess of property over the debts of a business

The Proprietor is the person who invests capital in a business. Property thus invested is sometimes called an **Investment.**

Resources are all kinds of available property connected with a business.

Assets is a term often used instead of resources, having a similar meaning.

Liabilities are all kinds of debts and legal claims, payable from the business, including the net capital of the proprietor. Hence the resources and liabilities of any business must at all times be equal.

Gain is excess of proceeds over cost.

Loss is excess of cost over proceeds.

Net Gain is the amount which the net capital, at closing the books, exceeds the net capital at opening them.

Net Loss is the amount which the net capital, at opening the books, exceeds the net capital at closing them.

Book-keeping is the science of accounts and the art of recording business transactions. It is a system of records by which the true state of a business may, at any time, be easily ascertained.

A Business Transaction is an exchange of values, or of the representatives of value.

Thus A sells B a bbl. of flour, and receives in exchange five bushels of wheat. Here is an exchange of commodities, each of which has intrinsic value.

Again C gives D his promissory note, and receives from D a check on the bank for an equal amount. In this case, neither the note nor the check has any real value. Both represent value. A large proportion of modern exchanges are made by means of the representatives of value, in the form of bank notes, drafts, checks, book accounts, etc., etc.

To every business transaction, there must be at least two parties — **a Debtor** and **a Creditor.**

A Debtor is the party to a business transaction who receives value, or some representative of value.

A Creditor is the party to a business transaction from whom value, or some representative of value, is received.

Debits and Credits are the results of business transactions.

A Debit is an entry in a business record against a debtor.

A Credit is an entry in a business record in favor of a creditor. These terms are usually abbreviated, respectively, **Dr.** and **Cr.**

An Account is a condensed record of one or more business transactions, arranged under some appropriate title, with the debits separated from the credits, so that their difference may be easily ascertained.

Book-keepers usually arrange all accounts in three general classes — *personal*, *property*, and *accommodation* accounts.

I. **Personal Accounts** are accounts with persons, including the proprietor, partners, and legal corporations.

II. **Property Accounts** are accounts with certain species of property, as cash, mdse., real estate, etc.

III. **Accommodation Accounts** are accounts with certain charges, deductions, etc., such as interest, discount, expense, etc.

Difference of practice in regard to the use of the last two classes of accounts, has led to the development of two distinct methods of book-keeping — *single entry* and *double entry.*

Single Entry Book-keeping is that method of recording business transactions in which accounts are kept in the ledger with *persons* only; and in which only one entry is made in the ledger for a business transaction — either a debit or a credit.

Double Entry Book-keeping is that method of recording business transactions in which the three classes of accounts are employed; and in which an equal amount is carried to the debit and credit sides of the ledger, for every transaction.

The learner should commence the study of book-keeping with single entry, because it is easier, plainer, and more practical.

Cash is a term usually employed to designate *money;* but in book-keeping it is generally understood to include not only coin, treasury notes, bank notes, silver and gold certificates; but checks, drafts, and all other business papers receivable by banks at their face value.

Merchandise is a term employed to designate such movable goods as are bought and sold for profit.

Real Estate is a term used to designate immovable property such as houses, lands, mills, manufactories, etc., the titles to which are conveyed by deeds.

Bills Receivable are notes, drafts, acceptances, and other written promises to pay a specified amount on time or demand, payable *to* the business.

Bills Payable are notes, drafts, etc., payable *from* the business.

BOOKS USED IN SINGLE ENTRY.

The Day-Book is a book of original entry, in which a record of business transactions is made, at the time, under the date, and in the order, of their occurrence.

The Ledger is a book of accounts, in which debits and credits are arranged under their proper titles.

The Cash-Book is a book in which a record is kept of all cash funds on hand, received and disbursed.

The Inventory-Book is a book in which a record is made of all mdse. on hand when the books are opened; and of that which remains unsold when the books are closed.

The Invoice-Book is a book in which a record is kept of mdse. *bought.*

The Sales-Book is a book in which a record is kept of mdse. *sold.*

The Bill-Book is a book in which a record is kept of the Bills Receivable, and the Bills Payable, connected with a business.

The Pass-Book is a book furnished by a bank to a depositor in which the teller keeps the depositor's bank account.

The Check-Book is a book of blank checks which the depositor fills out and issues; and in which he keeps his account with the bank.

The Order-Book is a book in which a memorandum is kept of orders to be filled, and of sales and purchases to be transferred to other books.

QUESTIONS FOR REVIEW.

What is property? What is a debt? What is capital? What is net capital? Who is the proprietor? What is an investment? What are resources? What are assets? What are liabilities? Why are the resources and liabilities always equal? What is gain? What is loss? What is net gain? What is net loss?

What is book-keeping? What is a business transaction? What is the illustration in regard to the exchange of real values? What in respect to representatives of value? What are some of the most common representatives of value in making exchanges? How many parties to a business transaction? Who is the debtor in a business transaction? Who is the creditor? Debits and credits are the result of what? What is a debit? What is a credit? How are these terms abbreviated? What is an account? What are the three classes of accts.? What are personal accts.? What are property accts.? What are accommodation accts.? What is single entry book-keeping? What is double entry book-keeping? Which method should be studied first? Why?

What is understood by the term cash? What is merchandise? What is real estate? What are bills receivable? What are bills payable?

What are the books commonly used in single entry book-keeping? What is a day-book? What is a ledger? What is a cash-book? What is an inventory-book? What is an invoice-book? What is a sales-book? What is a bill-book? What is a pass-book? What is a check-book? What is an order-book?

BARTER.

The simplest form of business transaction is the *direct exchange* of two articles of equal value. No record need be made of such a transaction in a single entry ledger. Each party gives and receives the same amount of value; and therefore neither party remains a debtor to the other. Such exchanges are usually called *barter*, and need no further explanation.

CASH TRANSACTIONS.

Next in order are transactions in which commodities are bought and sold for *cash*. Such transactions, like those of barter, are

merely exchanges of equal values, — with this difference only — that, in every transaction, one party receives *money* from the other, for a commodity of equal value. In such cases no one remains a debtor or a creditor to another; for each receives and gives the same amount of value; therefore there should be no entry in the single entry ledger. Still it is the almost universal practice of business men to keep a record of cash receipts and payments. In single entry this acct. is not kept in the ledger; but in a book specially designed for the purpose, called a *cash-book*. This account is really an account with the cashier, who receives and pays out the cash of a business.

He should be *debited* for what he has in his possession when the books are opened, and for what is afterward paid *to* him. He should be *credited* for what is paid *by* him. The excess of debits over credits should equal the amount of cash remaining in his possession.

From these remarks may be derived the following

Rules for Making Cash Entries.

1. *Debit* cash % for all cash on hand when the books are opened; and for what is afterward received.

2. *Credit* cash % for cash funds paid out.

3. Close the % by crediting the amount of cash funds on hand, and bringing the balance below the lines, as a debit, for the commencement of the new %.

CASH-BOOK.

The cash-book is ruled like common journal paper in which the spaces extend across the page, the columns vertically. Spaces are usually bounded by blue lines, columns by red.

Some book-keepers use two pages for an % in the cash-book, some only one. When two pages are employed, the debits are placed on the left hand page, the credits on the right. When only one page is used, the debit items are written in the first set of money columns, the credit items in the second. In single entry, it is better to use only one page.

Every person who receives and pays out money should keep a cash %, even though the amount be small.

We now give a skeleton form for a single entry cash-book; also a diagram, illustrating the rules, previously given, for making cash entries.

CASH. Dr. Cr.

Date Columns: Year and Month	Date Columns: Day of Month		Debit money columns: Dollars	Debit money columns: Cents	Credit money columns: Dollars	Credit money columns: Cents
		Amount on hand				
		Record of transactions producing debits and credits				
		Debit entries should commence with "Received"				
		Credit entries should begin with "Paid"				
		Balance			Amt. on hand	
			Footing		= Footing	
		Balance	Amount brought down			

DIAGRAM REPRESENTING CASH-BOOK.

Dates: Year and Month	Dates: Day of the Month			Debit money columns: Dollars	Debit money columns: Cents	Credit money columns: Dollars	Credit money columns: Cents
		Cash on hand at opening of the books	→→→→	Cash Debit			
		Cash afterward received	→→→→	Cash Debit			
		Cash funds paid out	←←←←			Cash Credit	
		Cash on hand at closing	Excess of Debits over Credits			Balance Credit	
				Footing		= Footing	
		Balance brought down below the ruling	Amt. on hand To new %	Balance Debit			

EXAMPLE I.

All cash transactions. Cash-book only. An % of the receipts and payments of cash by James M. Simpson, a mechanic who works by the day, and receives his wages and pays his board by the week, — Saturday night.

He receives $2.50 per day, when he works ; and pays $4.00 per week for his board, whether he works or not.

		CASH.	Dr.		Cr.	
1899						
Jan.	4	Amount on hand	79	84		
	7	Paid for pair of Boots			3	75
	9	Recd. for Wages, 6 days at $2.50	15	00		
		Paid for Board this week			4	00
	12	" pair of Gloves			1	25
	16	Recd. for Wages, 5½ days @ $2.50	13	75		
		Paid for Board this week			4	00
	19	" Sargent & Sons for Coat			7	75
	20	" " " Vest			1	25
	21	" Paper, 17¢; Envelopes, 8¢; Stamps, 30¢				55
	23	Recd. for Wages, 6 days	15	00		
		Paid for Board this week			4	00
	26	" Hat of Warner & Co.			2	75
	27	" Hdkf. " "				37
	30	Recd. for Wages, 4½ days	11	25		
		Paid for Board this week			4	00
		Balance on hand			101	17
			134	84	134	84
Feb.	1	Balance brought down	101	17		

Formerly book-keepers commenced every cash debit with "To," and every cash credit with "By." But the modern practice is to omit these terms. The learner may omit, or retain them as he pleases.

THE USE OF RED INK.

In the counting-room and office, in actual business, experienced book-keepers seldom make much use of red ink. But in a text-book, designed to aid the teacher in imparting knowledge, and the pupil in acquiring it, there can be no doubt as to the benefit to be derived from its use.

In making entries in the various books, the learner may be aided by the following

RULES FOR MAKING RED INK ENTRIES.

1. In making a permanent record, use black ink.
2. In making a temporary record, for some special purpose, to be immediately transferred to another place, use red ink.
3. In writing transferred red ink entries, use black ink.

Closing the Cash-Book.

The cash-book should be closed at stated periods, once a day, once a week, once a month, according to the nature of the business, and the convenience of the book-keeper.

To close the above cash %, we add the debit columns and find that the amount is $134.84. We then add the credit columns and find that the amount is $33.67. We then find that the difference of these amounts is $101.17. As this equals the cash on hand, we infer that the work is correct. But it is desirable that the corrected work should be ruled off, so as to avoid the necessity of going over the same work again, at the close of the next period.

Hence we credit the % for the amount on hand, merely as a temporary record, for the special purpose of indicating that the work has been examined, and approved. This temporary credit should therefore be made with red ink. The corrected work is then ruled off with double red, balance lines.

But as the balance was not paid out, the amount should be immediately transferred to the debit columns below the balance lines, for a permanent record, at the commencement of the next period.

It will be perceived that the same amount has been added to the debits and to the credits, and therefore the balance of the % remains the same as if it had not been closed.

The learner will observe that there are eight distinct steps in closing the cash %.

1. Add the debit columns.
2. Add the credit columns.
3. Find the difference between the sum of the debits and the sum of the credits; and see that the difference equals the amount of cash on hand.
4. Write the difference in the credit columns with red ink.
5. Draw a single red line across the money columns below the red ink entry.
6. Foot both sets of money columns and see that the footings are equal.
7. Draw double red lines across the money columns, the day columns, and one third of the way across the explanation column.
8. Write the balance in the debit columns, below the balance lines, with black ink.

The following example is a continuation of the last. The wages received are $2.75 per day; and the amount paid for board is $4.25 per week.

EXAMPLE II.

Feb.	1,	1899.	Amount on hand $101.17.
"	3,	"	Paid cash for pair of mittens, 67¢.
"	4,	"	" for pair of overalls, 72¢.
"	6,	"	Recd. for work, 6 days, @ $2.75.
"	"	"	Paid for board this week, $4.25.
"	8,	"	" " dictionary, $1.75.
"	"	"	" " pair of slippers, $1.12.
"	13,	"	Recd. for work, 6 days, @ $2.75.
"	"	"	Paid for board this week, $4.25.
"	15,	"	" " pr. rubber boots, $3.75.
"	18,	"	Paid for 6 collars, @ 15¢ each.
"	"	"	" " 2 prs. cuffs, @ 30¢.
"	20,	"	Recd. for work, 6 days, @ $2.75.
"	"	"	Paid for board this week, $4.25.
"	22,	"	" " stationery and postage, 71¢.
"	24,	"	" " pr. socks, 50¢.
"	25,	"	" " books of Draper, $4.50.
"	27,	"	Recd. for wages, 6 days, @ $2.75.
"	"	"	Paid for board this week, $4.25.
"	"	"	" " sundries, 23¢.
"	"	"	Deposited in savings bank, $100.
			Balance on hand at closing, $34.72.

Questions for Review.

What is the simplest form of business transaction?

Why no entry in the ledger? Why no debtor and no creditor? What is barter?

What are cash transactions? How do cash transactions differ from those of barter? Why no debit or credit in the ledger? Do business men keep an % of their receipts and payments of cash? In what book? What is a cash-book? The cash % is really an % with whom? What are the duties of a cashier? For what should he be debited? For what credited? What are the three rules for making cash entries?

How should a cash-book be ruled? What are spaces in book-keeping? Columns? How are spaces bounded? Columns? How many pages are used for cash % in single entry? Where should the debit items be written? The credit? The date? The explanation?

Who should keep a cash-book? When should black ink be used? When red ink? Why should a cash-book be balanced? How often? Give the eight steps for balancing a cash-book.

BILLS RECEIVABLE AND BILLS PAYABLE.

Sometimes commodities are exchanged for a written promise to pay a specified sum of money at a stated time in the future; or, when demanded by the holder. Such papers are called notes, drafts, acceptances, etc., and have no intrinsic value; but are merely representatives of value. They frequently pass from one holder to another until the time of payment, at their face value. In such transactions, there is an exchange of commodities for these written promises; and thus no debt is incurred, no credit is granted; no one becomes a debtor, no one a creditor. Hence there should be no entry, for such transactions, in a single entry ledger.

But business men usually make a record of such papers, when received or issued, in books specially designed for the purpose.

Hence the following

Rules for Recording Business Paper.

1. When notes, acceptances, etc., issued by *others* are *received*, a record should be made in the Bills Receivable book.

2. When notes, etc., are *issued* by *ourselves* a record should be made in the Bills Payable book.

Debits and Credits.

When commodities are *sold* and nothing is received in payment, the buyer becomes a *debtor* for the amount of the sale; and a record of his indebtedness should be made in the ledger.

So also, when commodities are *bought* and nothing is given in payment, the seller becomes a creditor; and a record of his credit should be made in the ledger.

Hence we have the following

Rules for Making Entries in the Ledger.

1. When a person receives value, and gives nothing in payment, he should be debited.

2. When a person gives value and receives nothing in payment, he should be credited.

The Proprietor.

In accordance with these rules, if the proprietor invests money or any other species of property in a business enterprise, he should be credited for the same in the ledger. So also if there should be an arrangement that certain debts due to other parties from the proprietor should be paid from the business, he should be debited for the amount of the debts thus assumed.

Then also if the proprietor should withdraw capital from the business, he should be debited; and if he should add to his investment, he should be credited.

Thus it will be perceived that in these respects the proprietor does not differ from other parties.

But there is *one* respect in which the proprietor *does* differ from other debtors and creditors. When he makes his investment, it is with the distinct understanding that he shall receive the net gain, if the business is prosperous; and that he shall sustain the net loss, if the business should prove adverse. Hence, when the books are closed, if there has been a net gain during the period, it belongs to the proprietor. It may be paid to him from the assets, or it may be placed to his credit in the ledger, which is the usual course.

If it is found that there has been a net loss, the proprietor may pay the amount into the business, and thus make up the deficiency; or, he may be debited for the amount, which is the more common practice.

From these explanations we derive the following

Rules for the Proprietor's Acct.

1. The proprietor should be credited for capital originally invested, and debited for debts assumed to be paid for him from the business.

2. The proprietor should be credited for additional investments; and debited for capital withdrawn from the business.

3. The proprietor should be credited for net gain, when the books are closed; and debited for net loss.

The red ink balance of the proprietor's % after the gain or loss has been adjusted, is his net capital at closing.

If at any time the red ink balance of the proprietor's % should be on the *credit* side it shows that the business is *insolvent*.

It should be noticed that if the proprietor invests notes payable by other parties, a record of them should be made in the bill-book;

and if he invests accounts against persons who owe him, those parties should be debited for the amount for which the proprietor is credited.

So also if he owes notes to be paid when due, from the business, they should be recorded in the bills payable book; and if he owes parties on %, to be paid from the business, the parties should be credited for the same in the ledger, when the books are opened.

LEDGER OF ORIGINAL ENTRY.

DIAGRAM OF PROPRIETOR'S ACCT.

Dates: Year and Month	Dates: Day of the Month				
		Investment at Commencement	→→→→		Proprietor Credit
		Debts assumed by the Business	←←←←	Proprietor Debit	
		Investments afterward made	→→→→		Proprietor Credit
		Capital withdrawn	←←←←	Proprietor Debit	
		Net gain at closing	→→→→		Proprietor Credit
		or Net loss at closing	←←←←	Proprietor Debit	
		Net Capital at closing	Excess of Credits over Debits	Balance Debit	
		Total footings of Debits and Credits	Debits equal the Credits	Footing	= Footing
		Net Capital brought down	Balance to new acct.		Balance Credit

Partnership.

When two or more persons unite their capital, services, or credit in the prosecution of a business enterprise, the association thus formed is usually called a firm or partnership; and the individual members are called partners.

In such cases, the rules given above in regard to the proprietor of a business, apply also to the several members of a partnership.

The Ledger.

A ledger may be used as a book of original entry. In this case, sometimes two pages are used for an %, sometimes only one. When two pages are taken, the debits are placed on the left hand page, the credits on the right. This form is now seldom used; and will be readily understood without any further explanation.

When only one page is occupied by an %, the debits are written in the first set of money columns, the credits in the second. The ledger of this form is similar to the cash-book already explained. It is ruled, dated, written, and closed in a similar manner.

EXAMPLE III.

Memoranda of Transactions.

March 1, 1899. Henry W. Brown invests in business, real estate, valued at $2150.

He owes Cyrus Leland, on %, $74.62 which is to be paid from the business.

March 3. He invests a note payable by John D. Symonds, for $275.

March 6. He invests merchandise valued at $3162.50.

" 9. He invests cash, $1204.75.

" 17. He invests real estate, valued at $475.

" 23. He withdraws from the business cash, $367.40.

" 27. He withdraws real estate, valued at $634.

" 31. On closing the books, he finds that the net gain has been $69.17.

When the above memoranda are written out, the following ledger % will be the result.

		HENRY W. BROWN.	Dr.	Cr.
1899				
March	1	Invests Real Estate		2150 00
		Owes Cyrus Leland on %	74 62	
	3	Invests John D. Symonds' Note		275 00
	6	" Merchandise		3162 50
	9	" Cash		1204 75
	17	" Real Estate		475 00
	23	Withdraws Cash	867 40	
	27	" Real Estate	634 00	
	31	Net gain this month		69 17
		Balance — Net Capital	6260 40	
			7336 42	7336 42
April	1	Balance brought down		6260 40

EXAMPLE IV.

April 1, 1899. Henry B. Bacon invests in business, merchandise valued at $3000; real estate, $1864; a note payable by James C. Newhall for $97.62; an % against Levi S. Caswell for $39.62.

April 6. He invests cash, $867.13.

" 14. He invests real estate, $714.

" 19. He withdraws cash, $375.

" 24. He owes Lewis Wadleigh $39.68, on %, which is to be paid from the business.

April 28. He withdraws cash, $76.18.

April 29. His net gain at closing is $114.82.

This example should be written out like the sample given in Example III.

QUESTIONS FOR REVIEW.

What are written promises to pay sometimes called? Have they any intrinsic value? What value have they? Why do they pass at their face value? Why no debtor or creditor in such cases? Why no entry in the ledger? What are the rules for receiving and issuing business paper? When should a debit record be made in the ledger? When a credit? What are the two rules for making entries in the ledger?

When should the proprietor of a business be credited? When debited? In what respect is the proprietor like any other debtor or creditor? In what respect unlike? Who should receive the net gain of a business? Who sustain the net loss? How may the net gain

be disposed of? How the net loss? What are the three rules in regard to the proprietor?

What should the red ink balance of the proprietor's % equal? What does red ink on the credit side of the proprietor's % indicate?

What is partnership? Who are the partners? What rules are applicable to partnership business?

What is meant by a ledger of original entry? How many pages are used for an %, in such a ledger? When two pages are used for an %, where should the debit record be written? Where the credit? When only one page is used, where the debits? Where the credits? Such a ledger is similar to what other book? How ruled, written, and closed? How many steps in closing a ledger? What are they? How do they differ from those for closing the cash %?

DAY-BOOK.

The ledger is not usually regarded as a book of original entry. The record of a business transaction is generally first made in some other book, and then, in a condensed form, transferred to the ledger. The most common book of original entry is the day-book.

In *double entry*, the day-book should contain a concise history of every business transaction, in the order, and under the date of its occurrence.

But in *single entry*, only such transactions as produce debits and credits are recorded in the day-book. Exchanges of merchandise for cash and for notes are not recorded in the day-book. Sales and purchases *on % ;* cash received and paid *on % ;* notes received or issued *on % ;* are recorded in the day-book.

But it should be remembered that cash received and paid *on %*, should *also* be entered in the cash-book; and that notes received and issued on %, should also be entered in the bill-book.

Thus it will be perceived that there are six classes of business transactions (besides those connected with the proprietor or partners) to be recorded in a single entry day-book, namely: Mdse. bought on %; mdse. sold on %; cash recd. on %; cash paid on %; notes recd. on %; notes issued on %.

Hence we have the following

Rules for Recording Business Transactions in Single Entry.

1. Mdse. exchanged for mdse., no record.
2. Mdse. exchanged for cash, record in cash-book.

3. Mdse. exchanged for note, record in bill-book.
4. Mdse. bought or sold on %, record in day-book.
5. Cash recd. or paid on %, record in day-book and cash-book.
6. Notes recd. or issued on %, record in day-book and bill-book.
7. Transactions with the proprietor and partners should be recorded in the day-book, as directed in the rules previously given for debits and credits of the proprietor's % in the ledger of original entry.

It will be noticed that when cash *received* on % is *credited* to the *payer* in the day-book, the same amount must be placed on the *debit* side of the cash-book. So, while cash *paid* is *debited* to the receiver in the day-book, it must be placed on the *credit* side of the cash-book.

Skeleton Page of the Day-Book.

Town or City, State, Month, Day, Year.

Date Column Year Month and Day	Page of the Ledger to which it is posted	Name of person and Dr. or Cr. Condensed record of the transactions stating the articles bought or sold, the quantity and the price of each	Item Columns Dollars	Item Columns Cents	Total Columns Dollars	Total Columns Cents
		Amount carried forward			Footing	

Questions on the Above Form.

What five things should be written on the first line, at the top of the page? With what kind of ink? What should be written in the first column? What in the second column? With what kind of ink? When should it be written? When the transaction is posted to the ledger, to show that it has been posted. Where should the name of the debtor or creditor be written? Where Dr.? Where Cr.? What should be written in the first set of money columns? What in the second set? How should the transactions be separated from each other? By a single red line across the item column, leaving one blank space above the red line. Should the money columns be footed? The second set should be footed at the bottom of the page, and the amount should be carried forward to the next page, and so on till the books are closed.

Standard Ledger.

When the ledger is used as a book of original record, the form already explained is usually employed. But when it ceases to be a book of original entry, and becomes one of transferred results, a different form is more convenient. In this case one page is used for an %, but it is divided *vertically* into halves; usually by a double blue line — the *left* hand half for debits, the *right* hand for credits.

The name of the % is written on the first line, with Dr. on the left and Cr. on the right.

The first column on the left is for debit dates, the second for explanations, the third for the pages of the book of original record from which the entries are posted, the fourth and fifth for debit amounts.

The credit side is for credit entries, and is similar to the debit.

This is the common form of the ledger and all other forms are little used in comparison. It is frequently called the *Standard Ledger*.

Diagram of the Standard Ledger.

Dr. NAME. Cr.

Debit date Column	Explanation Column	Page of the Day-Book	Debit Money Columns		Credit date Column	Explanation Column	Page of the Day-Book	Credit Money Columns	
Year Month Day	The article for which the person is debited, or sundries		Dollars	Cents	Year Month Day	The article for which the person is credited, or sundries		Dollars	Cents
			Footing			By Balance		$	
								Footing	
Date	To Balance		$						

Note 1. — The red ink Balance may be on the debit or credit side.
Note 2. — The page of the day-book may be written with red ink or black.

Questions on the Above Diagram.

What is a standard ledger? Why called standard? How many pages for an %? How is the page divided? For what is the left hand page? For what the right? Where should the name of the % be written? Where Dr.? Where Cr.? What should be written

in the first column? What in the second? What in the third? What in the fourth and fifth? Where is the debit date column? Where the credit date column? Where the debit money columns? Where the credit money columns? Where the red ink balance? On the smaller side. How many steps in closing the ledger? What are they? When will the red ink balance be on the credit side? When on the debit side? When will the black ink balance be on the debit side? When on the credit? Where should the single red ink line be drawn? Where the double red?

Formerly book-keepers commenced every entry in the debit explanation column with "To," and every one on the credit side with "By." But these terms are now frequently omitted. The learner may retain them or omit them as he pleases.

Suggestions to the Learner.

The following example will serve to illustrate the principles and rules previously explained:

From the memoranda of transactions, consulting the forms as little as possible, the learner will carefully write out the inventory-book; the day-book; the cash-book; and the bill-book; keeping the work in all the books even with the dates of the memoranda, as a book-keeper would do in actual business.

When the transactions are all written out, the transactions in the day-book should be posted to the ledger; the proof-sheet should be made, showing the correctness of the posting; the cost of the mdse., remaining unsold, should be ascertained, and itemized in the inventory-book; the closing statement of resources and liabilities should be prepared; the net gain should be found, and adjusted; the day-book, ledger, and cash-book should be closed; and the black ink balances should be brought down for the beginning of a new period.

EXAMPLE V.

Memoranda.

Laconia, May 1, 1899. (The learner will write his own town and State instead of the one given above.) A. B. Meservey commences business, this day, with the following resources and liabilities:

RESOURCES.

Cash, per cash-book, $1956.18; a note dated April 13, 1899, at 30 ds., signed by John S. Russell, as per bill-book, $342.36; an % against Walter Davenport, per day-book, $131.27; merchandise, per inventory, $1037.50.

LIABILITIES.

A. B. Meservey owes the following debts; to be paid from the business:

A note dated April 10, 1899, at 30 days, payable to Robert Ferry, as per bill-book, $93.76; an % favor of Hill Brothers, per day-book, $87.49; an % favor of Roland C. Foss, $39.18.

May 3. Paid cash for books for use in the office, $8.75. Sold Charles Paige, for cash, 4 bbls. flour, @ 5.25. Sold Walter Davenport, on %, 2 tons bran, @ $13.00; 1 ton mixed feed, $14.50.

May 5. Paid Hill Brothers cash on %, $25. Sold W. H. Warren, on his note at 10 days, 5 tons middlings, @ $15.50.

Bought of Union Milling Co., on %, 15 tons mixed corn and oats, @ $15; 3 tons cottonseed meal, @ $21.75.

Received cash of Walter Davenport, on %, $75. Paid cash for postage-stamps, $1.00.

May 8. Paid Roland C. Foss cash on %, $30.00. Sold Peter Osgood, on %, 10 bbls. flour, @ $5.25; 3 tons bran, @ $13; 5 tons corn and oats, @ $16. Paid cash for drayage, $3.75.

May 9. Sold William G. Green, on his note at 10 days, 1 ton cottonseed meal, @ $22.50; 10 bbls. flour, @ $5.25. Paid Union Milling Co. cash on %, $100.

May 10. Paid cash for note favor of Robert Ferry, due this day, $93.76. Received cash of Peter Osgood, on %, $62.50. Bought of Union Milling Co., on %, 20 bbls. corn meal, @ $2.10; 10 bbls. rye flour, @ $3.25; 5 bbls. rolled oats, @ $5.25.

May 12. Sold James Wilson for cash, 5 tons bran, @ $13. Sold Roland C. Foss, on %, 3 tons mixed feed, @ $14.50; 5 tons middlings, @ $15.50; 2 tons gluten meal, @ $17.

May 13. Recd. cash from John S. Russell for his note, $342.36.

May 15. Sold Elijah Shaw for cash, 10 bbls. flour, @ $5.40; 1 bbl. rolled oats, $5.75. Paid cash for store expenses, $1.75.

Bought of Hill Brothers, on %, 12 tons bran, @ $12.50; 4 tons middlings, @ $14.50.

Received cash for H. W. Warren's note due this day, $77.50.

May 16. Paid Union Milling Co. cash on %, $100.

May 18. Paid Hill Brothers cash on %, $75.

May 19. Recd. cash of Walter Davenport, on %, $50.

Received cash for Wm. G. Green's note, $75.

May 20. Sold Samuel Parsons, on his note at 3 mos., 15 bbls. flour, @ $5.50; 2 tons cottonseed meal, @ $22.50; 10 bbls. rye flour, @ $3.65.

May 22. Received cash of Roland C. Foss, on %, $100. Bought of Arthur Fletcher on our note at 30 days, 50 bbls. flour, @ $4.75.

May 24. Recd. cash of Peter Osgood, on %, $59. Sold Abraham Choat, on his note at 4 months, 3 tons mixed feed, @ $14.50; 5 tons corn and oats, @ $16.

May 25. Paid Union Milling Co. cash on %, $87.50. Paid cash for petty expenses, $2.14.

May 27. A. B. Meservey withdraws cash from his investment, $200.

May 29. Received cash of Roland C. Foss, to balance his %, $45.82.

May 31. Paid Hill Brothers cash on %, $47.89. A. B. Meservey adds to his investment, cash, $355.75.

DAY-BOOK. EXAMPLE V.

LACONIA, MAY 1, 1899.

	A. B. MESERVEY Cr.					
	For his investment, viz.					
	Cash, per cash-book		1956	18		
	Bills Receivable, per bill-book		342	36		
	Walter Davenport, from old %		131	27		
	Merchandise, per inventory		1037	50	3467	31
	A. B. MESERVEY Dr.					
	For his liabilities, viz.					
	Bills Payable, per bill-book		93	76		
	Hill Brothers, from old %		87	49		
	Roland C. Foss, from old %		39	18	220	43
	WALTER DAVENPORT Dr.					
	For amount from old %				131	27
	HILL BROTHERS Cr.					
	For amt. from old %				87	49
	Amount carried forward				3906	50

LACONIA, MAY 1, 1899.

	Amount brought forward				3906	50
	ROLAND C. FOSS Cr.					
	For amt. from old %				39	18
3	WALTER DAVENPORT Dr.					
	2 tons bran, @ $13		26	00		
	1 ton mixed feed		14	50	40	50
5	HILL BROTHERS Dr.					
	Cash				25	00
	UNION MILLING CO. Cr.					
	15 tons corn and oats, @ $15		225	00		
	3 tons cottonseed meal, @ $21.75		65	25	290	25
	WALTER DAVENPORT Cr.					
	Cash				75	00
8	ROLAND C. FOSS Dr.					
	Cash				30	00
	PETER OSGOOD Dr.					
	10 bbls. flour, @ $5.25		52	50		
	3 tons bran, @ $13		39	00		
	5 tons corn and oats, @ $16		80	00	171	50
9	UNION MILLING CO. Dr.					
	Cash				100	00
10	PETER OSGOOD Cr.					
	Cash				62	50
	UNION MILLING CO. Cr.					
	20 bbls. corn meal, @ $2.10		42	00		
	10 " rye flour, @ $3.25		32	50		
	5 " rolled oats, @ $5.25		26	25	100	75
12	ROLAND C. FOSS Dr.					
	3 tons mixed feed, @ $14.50		43	50		
	5 " middlings, @ $15.50		77	50		
	2 " gluten meal, @ $17		34	00	155	00
	Amount carried forward				4996	18

LACONIA, MAY 15, 1899.

	Amount brought forward			4996 18
	HILL BROTHERS Cr. 12 tons bran, @ $12.50 4 " middlings, @ $14.50	150 00 58 00		208 00
16	UNION MILLING CO. Dr. Cash			100 00
18	HILL BROTHERS Dr. Cash			75 00
19	WALTER DAVENPORT Cr. Cash			50 00
22	ROLAND C. FOSS Cr. Cash			100 00
24	PETER OSGOOD Cr. Cash			59 00
25	UNION MILLING CO. Dr. Cash			87 50
27	A. B. MESERVEY Dr. Cash from investment			200 00
29	ROLAND C. FOSS Cr. Cash to bal. %			45 82
31	HILL BROTHERS Dr. Cash			47 89
	A. B. MESERVEY Cr. Cash invested			355 75
	Total footing without net gain			6325 14
	A. B. MESERVEY Cr. For his net gain			54 36
	Total footing after gain is added			6379 50

Posting.

Let the learner place the day-book on the desk at the left hand, and the ledger at the right. Then, in a bold hand, write the name of the proprietor, "A. B. Meservey," on the first blue line of the first page of the ledger, with Dr. on the same line at the left, and Cr. at the right of the name. Then, as the first entry is a credit, write the date ("May 1"), found at the top of the first page of the day-book, in the credit column of the ledger, the year in the upper half of the space, the month and day in the lower; in the second column, write "Investment;" in the third, the page of the day-book from which the transaction is posted; in the credit money columns, the amount of investment ($3467.31). Then write the page of the ledger to which the transaction has been posted, in the second column of the day-book, in the same space as the name of the proprietor, to indicate that the transaction has been posted. This number, which is sometimes called a "post mark," is frequently written with red ink. The learner may use either red or black.

As the next entry is a debit to the same person, it should be posted to the *debit* side of the *same* %, in a similar manner.

Then, leaving sufficient space for the proprietor's %, write the next name, "Walter Davenport," on a blue line, with Dr. on the left, and Cr. on the right; and proceed with the posting as before.

Thus the work should be continued, *in the order of the dates*, till all the entries of the day-book have been posted to the ledger.

Great care should be exercised that all the debits are placed on the left hand side of the ledger, and all the credits on the right, as mistakes of this kind are very common, especially with beginners in book-keeping.

It may be well to notice that the Dr. and the Cr. are frequently omitted in posting, as it is everywhere understood that the left hand side is for debits, and the right, for credits.

When the day-book entries are all correctly posted, the following results will be obtained.

LEDGER EXAMPLE V.

Dr. **A. B. Meservey.** **Cr.**

1899				1899			
May 1	Liabilities	220	43	May 1	Investment	3467	31
27	Cash	200	00	31	Cash	355	75

Dr. **Walter Davenport.** **Cr.**

1899				1899			
May 1	From old %	131	27	May 5	Cash	75	00
3	Sundries	40	50	19	"	50	00

Dr. **Hill Brothers.** **Cr.**

1899				1899			
May 5	Cash	25	00	May 1	From old %	87	49
18	"	75	00	15	Sundries	208	00
31	"	47	89				

Dr. **Roland C. Foss.** **Cr.**

1899				1899			
May 8	Cash	30	00	May 1	From old %	39	18
12	Sundries	155	00	22	Cash	100	00
				29	Cash to bal.	45	82

Dr. **Union Milling Co.** **Cr.**

1899				1899			
May 8	Cash	100	00	May 5	Sundries	290	25
16	"	100	00	10	"	100	75
25	"	87	50				

Dr. **Peter Osgood.** **Cr.**

1899				1899			
May 7	Sundries	171	50	May 10	Cash	62	50
				27	"	59	00

PROOF OF THE POSTING.

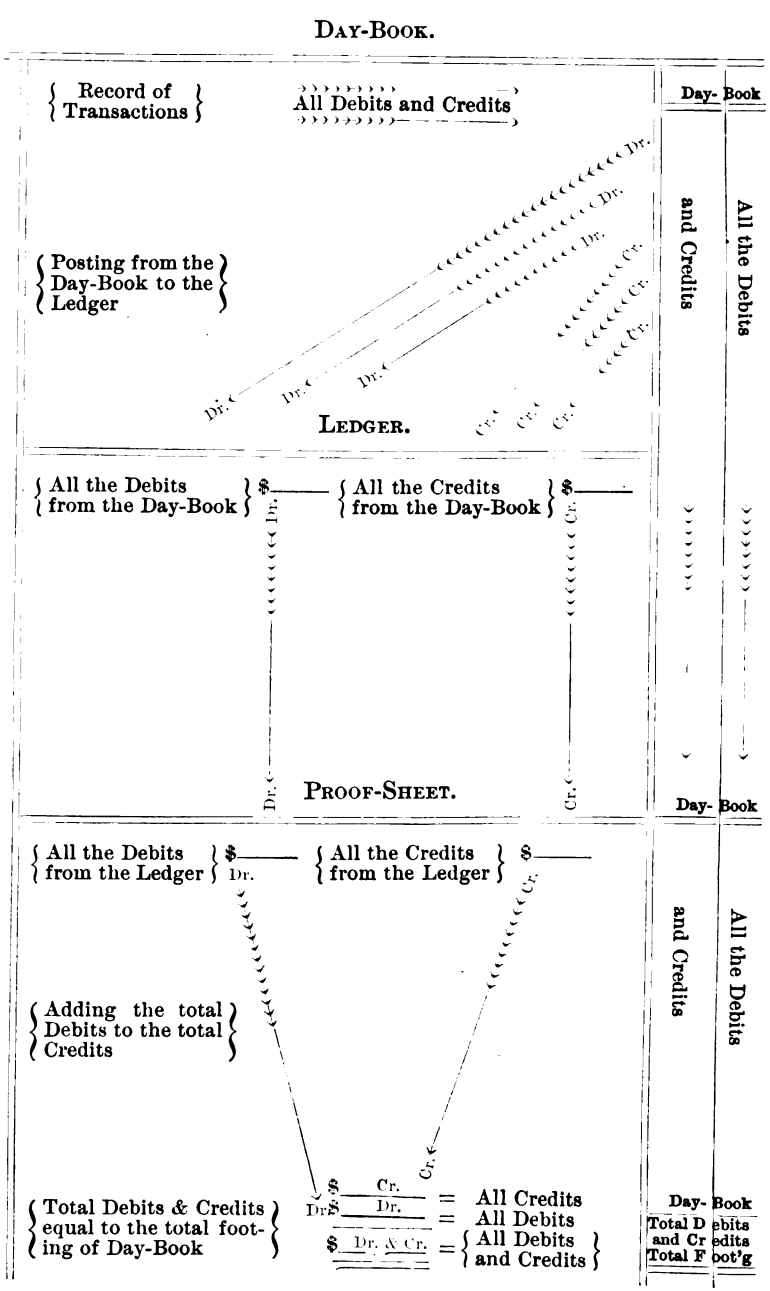
As every item in the day-book is either a debit or a credit, a mistake in posting involves a loss, either to the proprietor, or to some other party. Hence it is important to ascertain whether, in transferring the amounts, any of them have been omitted, posted twice, or changed. It is evident that, if the work has been done correctly, all the debits from the day-book have been carried to the debit sides of the several accts. in the ledger; and all the credits, to the credit sides. Then the sum of all the debits and credits of the ledger must equal the sum of all the debits and credits of the day-book, as shown in the total footing of the money columns at the close of the period.

For testing the correctness of the posting, book-keepers usually make a proof-sheet, writing in order, the names of the several accts., with two sets of money columns on the left, and two on the right — the inside set for totals, the outside ones for balances.

PROOF-SHEET.

Debit Balances		Debit Totals		Names of Debtors and Creditors	Credit Totals		Credit Balances	
		420	43	A. B. Meservey	3823	06	3402	63
46	77	171	77	Walter Davenport	125	00		
		147	89	Hill Brothers	295	49	147	60
		185	00	Roland C. Foss	185	00		
		287	50	Union Milling Co.	391	00	103	50
50	00	171	50	Peter Osgood	121	50		
96	77	1384	09	Footings	4941	05	3653	73
				PROOF.				
		Total		debits from ledger	1384	09		
		Total		credits from ledger	4941	05		
		Total		debits and credits from ledger			6325	14
		Total		debits and credits from day-book			6325	14

As these amounts are equal, the work is presumed to be correct. If any item had been omitted in posting, the amount of debits and credits from the ledger would have been less than the amount from the day-book. If any item had been posted twice, the amount from


DAY-BOOK.
Record of Transactions
All Debits and Credits
Day-Book
All the Debits and Credits
Posting from the Day-Book to the Ledger
Dr.
Cr.
LEDGER.
All the Debits from the Day-Book
$
All the Credits from the Day-Book
PROOF-SHEET.
All the Debits from the Ledger
All the Credits from the Ledger
Adding the total Debits to the total Credits
Total Debits & Credits equal to the total footing of Day-Book
Cr.
Dr.
Dr. & Cr.
= All Credits
= All Debits
= All Debits and Credits
Total Debits and Credits
Total Footing

CORRECTED LEDGER.

Dr. **A. B. Meservey.** **Cr.**

1899					1899				
May 1	Liabilities		220	43	May 1	Investment		3467	31
27	Cash		200	00	31	Cash		355	75

Dr. **Walter Davenport.** **Cr.**

1899					1899				
May 1	From old %		131	27	May 5	Cash		75	00
3	Sundries		40	50	19	"		50	00
					31	Balance		46	77
			171	77				171	77
June 1	Balance		46	77					

Dr. **Hill Brothers.** **Cr.**

1899					1899				
May 5	Cash		25	00	May 1	From old %		87	49
18	"		75	00	15	Sundries		208	00
31	"		47	89					
"	Balance		147	60					
			295	49				295	49
					June 1	Balance		147	60

Dr. **Roland C. Foss.** **Cr.**

1899					1899				
May 8	Cash		30	00	May 1	From old %		39	18
12	Sundries		155	00	22	Cash		100	00
					29	"		45	82
			185	00				185	00

Dr. **Union Milling Co.** **Cr.**

1899					1899				
May 8	Cash		100	00	May 5	Sundries		290	25
16	"		100	00	10	"		100	75
25	"		87	50					
31	Balance		103	50					
			391	00				391	00
					June 1	Balance		103	50

Dr. **Peter Osgood.** **Cr.**

1899					1899				
May 7	Sundries		171	50	May 10	Cash		62	50
					27	"		59	00
					31	Balance		50	00
June 1	Balance		50	00					

the ledger would have been larger than the other. If the figures of any item had been changed, the amounts would have differed.

Thus it will be perceived that these three kinds of mistakes can be detected by means of the proof-sheet. But there are others, such as posting items to the wrong accts., or to the wrong sides of the right accts., which cannot be detected by means of the proof-sheet. They can be avoided only by the carefulness of the book-keeper.

The diagram on page 26 will serve to illustrate the above explanation.

Closing the Ledger.

Having proved that the work has been correctly posted, the learner should proceed to the work of closing the ledger.

As has already been explained in regard to the cash-book, the design in closing the ledger is to rule off the corrected work, so that it need not be reviewed at the end of the next period.

For this purpose, the differences between the debit and credit sides of the several accts. (except the proprietor's %), as shown in the proof-sheet, should be written on the smaller sides of the proper accts., with red ink, the work ruled off, and the balances brought down for the beginnings of new accts. in the next period.

The ledger as thus closed will be as shown on page 27.

The accts. in the ledger are now all closed except that of the proprietor, which cannot be correctly closed until the amount of net gain, or loss, has been ascertained and adjusted. In double entry this can be easily found from the loss and gain acct. But in single-entry, as no such % is kept, the net gain or loss can be found only by comparing the net capital at the beginning of the period with the net capital at the close. If it is greater at the close, there has been a net gain; if less, a net loss.

The learner will now proceed to make a

STATEMENT OF RESOURCES AND LIABILITIES.

Invested by proprietor May 1	3467.31				
Added to investment May 31	355.75				
Total investment		3823	06		
Debts assumed by proprietor	220.43				
Cash withdrawn May 27	200.00				
Total deducted from investment		420	43		
Net investment for May				3402	63
Resources at closing, May 31					
Cash, per cash-book		2568	32		
Notes, " bill-book		287	50		
Accts " day-book		96	77		
Mdse " inventory		993	00		
Total resources				3945	59
DEBTS DUE FROM THE BUSINESS.					
Note, per bill-book		237	50		
Accts. " day-book		251	10		
Total debts				488	60
Net capital at closing				3456	99
Deduct net investment				3402	63
Net gain for May				54	36

The net gain should now be credited to the proprietor in the day-book, and then be posted to the ledger. Then the proprietor's % should be closed. The balance brought down will be his net capital at the beginning of the next period.

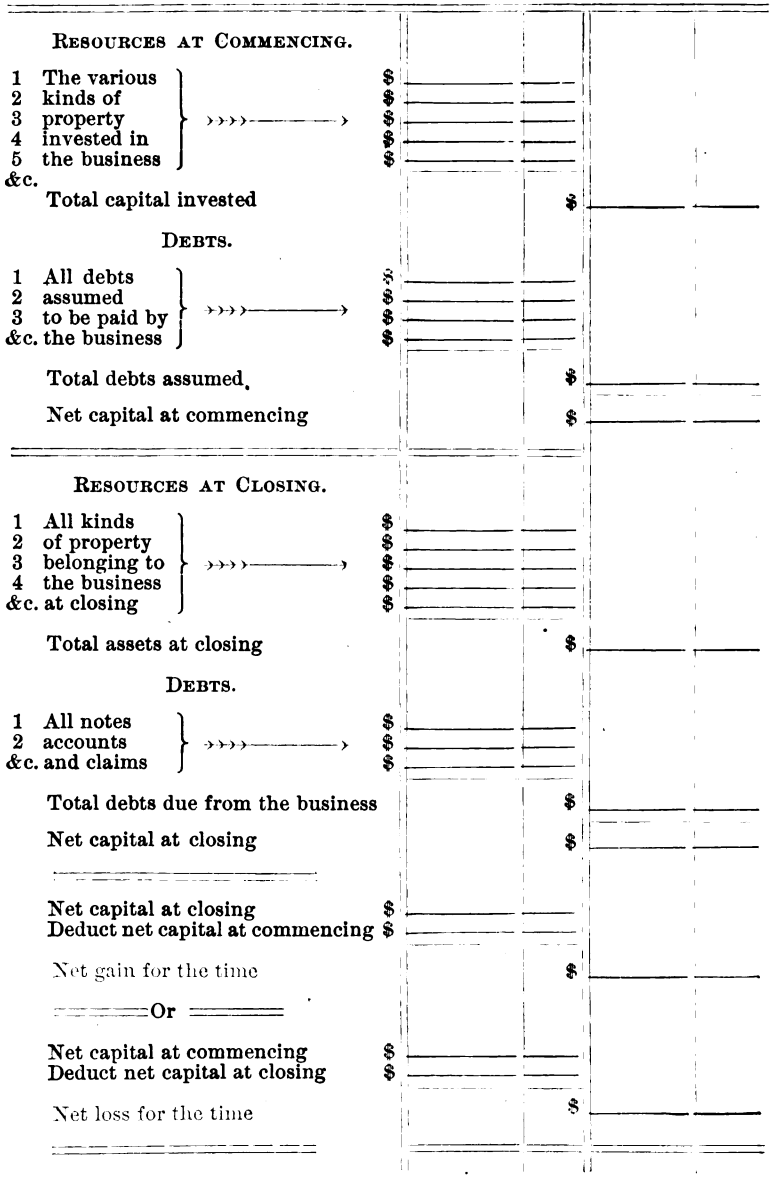
A. B. Meservey's % will then be as follows:

Dr. A. B. MESERVEY. Cr.

1899				1899			
May 1	Liabilities	220	43	May 1	Resources	3467	31
27	Cash	200	00	31	Cash	355	75
31	Balance	3456	99	"	Net gain	54	36
		3877	42			3877	42
				June 1	Balance	3456	99

Skeleton Diagram for the Black-Board.

Statement of Assets and Liabilities.



CASH-BOOK.

		Cash.	Dr.		Cr.	
1899						
May	1	A. B. Meservey invests	1956	18		
	3	Paid for books for office			8	75
		Recd. from Charles Page for mdse.	21	00		
	5	Paid Hill Brothers on %			25	00
		Recd. of Walter Davenport on %	75	00		
		Paid for Stamps			1	00
	8	" Roland C. Foss on %			30	00
		" for Drayage			3	75
	9	" Union Milling Co. on %			100	00
	10	" Note favor of Robert Ferry			93	76
		Recd. of Peter Osgood on %	62	50		
	12	Recd. of James Wilson for mdse.	65	00		
	13	" for John S. Russell's note	342	36		
	15	" of Elijah Shaw for mdse.	59	75		
		Paid for expenses			1	75
		Recd. for H. W. Warren's note	77	50		
	16	Paid Union Milling Co. on %			100	00
	18	Paid Hill Brothers on %			75	00
	19	Recd. from Walter Davenport on %	50	00		
		" for Wm. G. Green's note	75	00		
	22	" of Roland C. Foss on %	100	00		
	24	" of Peter Osgood on %	59	00		
	25	Paid Union Milling Co. on %			87	50
		" for petty expenses			2	14
	27	" A. B. Meservey from his investment			200	00
	29	Recd. cash of Roland C. Foss to bal. %	45	82		
	31	Paid Hill Brothers on %			47	89
		A. B. Meservey invests	355	75		
		Balance			2568	32
			3344	86	3344	86
June	1	Balance	2568	32		

Bills Receivable.

No.	Payer	Payee	Date 1899	Time	When Due 1899	Amt.		When and how disposed of
1	John S. Russell	A. B. Meservey	Apr. 13	30 ds.	May 13	342	36	Paid, May 13
2	H. W. Warren	"	May 5	10 ds.	May 15	77	50	Paid, May 15
3	Wm. G. Green	"	May 9	10 ds.	May 19	75	00	Paid, May 19
4	Samuel Parsons	"	May 20	3 mos.	Aug. 20	164	00	
5	Abraham Choat	"	May 24	4 mos.	Sept. 24	123	50	

Bills Payable.

1	A. B. Meservey	Robert Ferry	Apr. 10	30 ds.	May 10	93	76	Paid, May 10
2	"	Arthur Fletcher	May 22	30 ds.	June 21	237	50	

The person who agrees to pay a note is usually called the *payer*, or *maker*. The person to whom a note is made payable is called the *payee*. The person who has legal possession of a note is called the *holder*.

Days of grace are three days legally allowed for the payment of business paper, after the specified time for payment has expired. It is customary to indicate the time of payment of a note by a fraction, the numerator indicating the end of the stated time; the denominator, the last day of grace. In most of the States days of grace have been abolished. In this example, no days of grace are allowed.

INVENTORY-BOOK.

Inventory of mdse. on hand May 1, 1899.

100 bbls. Flour, @ $4.75 =	$475.00
10 tons Bran, @ $12.25 =	122.50
10 " Mixed Feed, @ $13.75 =	137.50
10 " Middlings, @ $14.50 =	145.00
10 " Gluten Meal, @ $15.75 =	157.50
Total inventory May 1	$1037.50

Inventory of mdse. unsold May 31, 1899.

101 bbls. Flour, @ $4.75	$479.75
12 tons Bran, @ $12.50	150.00
3 " Mixed Feed, @ $13.75	41.25
4 " Middlings, @ $14.50	58.00
5 " Corn and Oats, @ $15.00	75.00
20 bbls. Corn Meal, @ $2.10	42.00
4 " Rolled Oats, @ $5.25	21.00
8 " Gluten Meal, @ $15.75	126.00
Total	$993.00

The inventory is usually made at the *cost price*. But when the goods are shop-worn, or out of style, and when there have been great changes in prices, then property should be inventoried at its *real value*, rather than at its *cost price*.

EXAMPLE VI.

Continuation of Example V., with the resources and liabilities shown at its close, May 31.

MEMORANDA.

June 1. Sold Roland C. Foss on %, 5 bbls. flour @ $5.25; 4 tons bran @ $13.50; 2 tons mixed feed @ $14.25. Paid cash for expenses, $1.87.

June 2. Sold Jacob Hoyt for cash, 5 bbls. corn meal @ $2.25; 2 bbls. rolled oats @ $5.75; 2 tons gluten meal @ $17.

June 3. Sold Chester Mills on his note at 10 days, 20 bbls. flour @ $5.25; 2 bbls. rolled oats @ $5.75. Paid Hill Brothers cash on %, $37.62.

June 5. Sold Peter Osgood on %, 2 tons middlings @ $15.25; 3 tons corn and oats @ $16. Paid for drayage, $2.39.

June 6. Sold Solon Carter for cash, 1 ton mixed feed, $14.25; 2 tons middlings @ $15.25. Paid Union Milling Co. cash on %, $50.

June 7. Bought of Edward Goff on our note at 10 days, 10 tons middlings @ $14.50; 10 tons mixed feed @ $13.75. Recd. cash of Peter Osgood on %, $42.75.

June 8. Sold Walter Davenport on %, 2 tons corn and oats @ $16.10; 10 bbls. flour @ $5.50; 3 tons bran @ $13.35. Received from Roland C. Foss cash on %, $76.13.

June 9. Bought of Timothy Proctor on %, 8 tons corn and oats @ $15; 100 bags corn meal @ 65¢. Paid cash for gas bill, $4.62. Bought of Lovell & Stone for cash, 20 bbls. rolled oats @ $5.

June 10. Sold Joseph Haile on his note at 10 days, 5 bbls. flour @ $5.30; 5 bbls. rolled oats @ $5.75; 10 bags corn meal @ 75¢. Paid Hill Brothers cash on %, $50.

June 12. Received of Walter Davenport on %, $100. Sold Robert Grant on %, 6 bbls. flour @ $5.25; 2 tons bran @ $13.10; 3 bbls. rolled oats @ $5.50; 10 bags corn meal @ 75¢; 2 tons mixed feed @ $14.62.

June 13. Bought of Luther Snell on our note at 10 days, 50 bbls. flour @ $4.75. Paid Timothy Proctor on %, $75. Received cash of Chester Mills for note, $116.50.

June 14. Paid Union Milling Co. cash on %, $45. Sold Roland C. Foss on %, 10 bbls. corn meal @ $2.25; 5 bbls. rolled oats @ $5.50; 5 bags corn meal @ 75¢.

June 15. Recd. cash of Peter Osgood on %, $50. Sold Robert Grant on %, 5 bbls. corn meal @ $2.30; 2 bbls. rolled oats @ $5.50.

June 16. Recd. cash of Roland C. Foss on %, $28.50. Bought of Hill Brothers on %, 40 bbls. rye flour @ $2.75; 300 bushels corn @ 33¢. Recd. cash of Walter Davenport on %, $60.

June 17. Sold Silas Avery on his note at 10 days, 100 bush. corn @ 38¢; 20 bbls. flour @ $5.40. Bought of Wm. Jones on our note at 10 days, 500 bush. oats @ 25¢. Paid Timothy Proctor cash on %, $65. Paid our note favor of Edward Goff, $282.50.

June 20. Joseph Haile has paid cash for his note, $62.75.

June 21. Sold Jas. Monroe on %, 100 bush. oats @ 30¢; 100 bush. corn @ 40¢; 10 bbls. rye flour @ $3.10; 10 bush. corn meal @ 75¢; Robert Grant has paid cash on %, $100. Paid our note favor of Arthur Fletcher, $237.50.

June 22. Sold Wm. Clark for cash, 100 bush. oats @ 30¢; 100 bush. corn @ 40¢. Paid Hill Bros. cash on %, $100.

June 23. Paid cash for our note favor of Luther Snell, $237.50. Sold Robert Grant on %, 3 tons bran @ $13; 5 bbls. rolled oats @ $5.50.

June 24. Recd. cash of Roland C. Foss on %, $50.

June 27. Silas Avery has paid his note, $146. Paid our note favor of Wm. Jones, $125.

June 28. Sold Cyrus Sleeper on his note @ 30 days, 20 bbls. flour @ $5.15.

June 30. Paid cash for clerk hire, $25. Paid cash for petty expenses, $4.31.

PROOF-SHEET. EXAMPLE VI.

				A. B. Meservey	3456	99	3456	99
14	02	174	02	Walter Davenport	160			
		187	62	Hill Brothers	356	60	168	98
7	87	162	50	Roland C. Foss	154	63		
		95	00	Union Milling Co.	103	50	8	50
35	75	128	50	Peter Osgood	92	75		
		140	00	Timothy Proctor	185	00	45	00
99	94	199	94	Robert Grant	100	00		
108	50	108	50	James Monroe				
266	08	1196	08		4609	47	3679	47

PROOF.

Total debits from the ledger	1196	08		
" credits " " "	4609	47		
" debits and credits from the ledger			5805	55
Total footing of day-book	2000	69		
Add total debit and credit ledger *balances* from old %	3804	86		
Total debits and credits as above			5805	55

It will be noticed by the learner that all the balances from the old accts. of May were brought down for the beginnings of new accts. in the ledger for June, and thus appear in the proof-sheet among the debits and credits. But these balances were not carried to the day-book, and of course do not appear in the total footing. Hence their sum must be added to the total footing as above.

Statement of Resources and Liabilities.

RESOURCES for June 30, 1899.

Cash, as per cash-book	2129	14		
Notes, " bill-book	390	50		
Accts. " day-book	266	08		
Mdse. " inventory	978	00		
Total Assets			3763	72
DEBTS.				
Accts. as per day-book			222	48
Net capital at closing			3541	24
Deduct net capital, June 1			3456	99
Net gain for June			84	25

Inventory.

In the last two examples, the mdse. on hand at commencing was *itemized* in the inventory-book, and the transactions were of such a nature that a similar inventory could be made, when the books were closed; from which the value of the goods remaining unsold could be ascertained. But in actual business the value of the mdse. on hand at closing, is found by taking an % of the stock in the store, at the close of the period.

So in this and the next two examples, the amount of mdse. on hand, at opening and closing the books, is *estimated*. The figures cannot be found from any data given in the text. The amounts will be found in the statements of assets and liabilities.

EXAMPLE VII.

The following are some of the business transactions of ——— ——— ———, a retail dealer in groceries, supposed to be located in the pupil's own town or city.

The blank above may be filled with the pupil's name.

Memoranda.

July 1, 1899. (Student's name) invests in business as follows:

Merchandise as estimated, $1362.50;

Cash as per cash-book, $326.14.

July 5. Sold James T. Emery on %, 2 bbls. flour @ $6.50; 7 bags meal @ 80¢.

July 6. Sold Silas K. Wright on %, 100 lbs. granulated sugar @ 6¢; 100 lbs. "C" sugar @ 5½¢. Recd. cash for sales, $12. (Cash Dr.)

July 7. Sold Peter Kingsley on %, 100 lbs. codfish @ 6¢; 2 bbls. pork @ $10. Paid cash for butter, $13.60. (Cash Cr.)

July 8. Bought of Henry Callender & Co. on % bill of mdse., $134.47. Recd. cash for sales this day, $31.17.

July 10. Sold James T. Emery on %, 31 lbs. butter @ 27¢; 7 lbs. cheese @ 15¢; 2 lbs. honey @ 25¢.

July 12. Peter Kingsley has paid cash on %, $12.00. Recd. cash for sales, $19.62.

July 14. Sold Silas K. Wright on %, 4 cans salmon @ 16¢; 6 cans peaches @ 35¢. Recd. cash for sales, $28.40. Paid Henry Callender & Co. cash on %, $50.00.

July 17. Sold Peter Kingsley on %, 9 lbs. rice @ 8¢; 12 lbs. graham @ 4¢. Recd. cash of James T. Emery on %, $10.00.

July 20. Bought of Henry Callender & Co. bill of mdse., $77.41. Sold Peter Kingsley on %, 4 lbs. mixed coffee @ 35¢; 1 lb. tea @ 65¢.

July 23. Recd. cash of Silas K. Wright on %, $6.50.

July 26. Sold James T. Emery on %, 4 lbs. raisins @ 17¢; 2 lbs. English currants @ 10¢.

July 28. Paid Henry Callender & Co. cash on %, $50.00. Recd. cash for sales, $24.50.

July 30. Sold Silas K. Wright on %, 5 gals. oil @ 15¢; 2 cans beef @ 22¢; 1 can tongue, 62¢. Recd. cash for sales, $11.46. Paid cash for expenses, $37.50.

DR. PROOF-SHEET. CR.

Balances		Totals			Totals		Balances	
				PROPRIETOR.	1688	64	1688	64
19	40	29	40	James T. Emery	10	00		
9	55	16	05	Silas K. Wright	6	50		
17	25	29	25	Peter Kingsley	12	00		
		100	00	Henry Callender & Co.	211	88	111	88
46	20	174	70		1929	02	1800	52
				Total debits from the ledger	174	70		
				" credits " " "	1929	02		
				Total debits and credits from the ledger			2103	72
				Total footing of day-book			2103	72

Statement.

RESOURCES, JULY 1.

Mdse., as estimated	1362	50	
Cash, per cash-book	326	14	
Net capital invested			1688 64

RESOURCES AT CLOSING

Mdse., as estimated	1447	94	
Cash, per cash-book	330	69	
James T. Emery owes on %	19	40	
Silas K. Wright " "	9	55	
Peter Kingsley " "	17	25	
Total assets at closing			1824 83

DEBTS AT CLOSING.

Henry Callender & Co. due them on %			111 88
Net capital at closing			1712 95
Deduct net capital July 1			1688 64
Net gain for the month			24 31

EXAMPLE VIII.

This example is a continuation of the last; and the balances are brought down from July, to begin the accts. for August.

MEMORANDA.

August 2, 1899. Sold James T. Emery on %, 1 lb. chocolate 55¢; 2 lbs. cocoa shells @ 12¢. Recd. cash for sales, $12.41.

August 4. Recd. cash of Peter Kingsley on %, $7.00.

August 5. Sold Silas K. Wright on %, 25 lbs. lard @ 8¢; 15 lbs. butter @ 20¢; 4 lbs. cheese @ 16¢. Paid Henry Callender & Co. cash on %, $60.00. Recd. for sales, $19.31.

August 7. Sold Peter Kingsley on %, 2 lbs. prunes @ 12¢; 4 lbs. crackers @ 8¢; ½ lb. tea @ 60¢. Bought of Henry Callender & Co. on %, bill mdse., $34.89.

August 11. Sold Peter Kingsley on %, 5 doz. eggs @ 15¢; 5 gals. oil @ 15¢; 4 gals. molasses @ 35¢. Bought of James T. Emery on %, 3 cords wood @ $5.00. Recd. cash for sales, $11.57.

August 12. Recd. cash of Silas K. Wright on %, $10.00. Paid Henry Callender & Co. cash on %, $40.00.

August 16. Sold James T. Emery on %, ¼ ginger, 6¢; ¼ cassia, 12¢; ½ cloves, 15¢. Recd. cash for sales, $8.91.

August 18. Bought of Henry Callender & Co. on %, bill mdse., $29.63. Recd. cash for sales, $13.82.

August 19. Sold James T. Emery on %, 8 bars soap @ 5¢; 4 lbs. lavine @ 12¢; 2 lbs. starch @ 10¢. Recd. cash for sales, $36.50.

August 23. Paid Henry Callender & Co. cash on %, $25.00. Recd. cash for sales, $9.32.

August 25. Sold Silas K. Wright on %, 2 lbs. raisins @ 17¢; 4 lbs. evaporated apple @ 14¢.

August 26. Sold Peter Kingsley on %, 4 bushels potatoes @ 65¢; 7 bushels meal @ 40¢. Recd. cash for sales, $8.14.

August 31. Recd. cash of Peter Kingsley on %, $10.00. Paid cash for expenses, $19.50.

Statement, August 31, 1899.

RESOURCES AT CLOSING.				
Mdse. as estimated	1385	48		
Cash as per cash-book	333	17		
James T. Emery owes on %	6	60		
Silas K. Wright " "	6	09		
Peter Kingsley " "	9	41		
Total resources, Aug. 31, 1899			1740	75
DEBTS AT CLOSING.				
Henry Callender & Co. — Due them on %			51	40
Net capital, August 31			1689	35
Net capital, August 1			1712	95
" " " 31			1689	35
Net loss for August — to be debited to the proprietor in ledger			23	60

The following example is a continuation of the last.

EXAMPLE IX.

MEMORANDA.

Sept. 1. Sold Peter Kingsley on %, 1 bbl. flour, $6.50; 2 bags meal @ 80¢; 25 lbs. graham @ 4¢; 20 lbs. rye meal @ 3¢; 25 lbs. granulated meal @ 3¢; 10 lbs. oat meal @ 5¢. Recd. cash for sales, $14.19.

Sept. 2. Bought of John A. Andrews & Co. on %, bill of groceries, $61.47. Paid cash for coal, $7.50.

Sept. 4. Sold James T. Emery on %, 4 cans pumpkin @ 12¢; 3 cans squash @ 14¢; 9 cans tomatoes @ 10¢; 16 cans sweet corn @ 10¢.

Sept. 7. Bought of Silas K. Wright on %, 12½ bushels oats @ 40¢; 10 bush. beans @ $1.50; 20 bush. potatoes @ 60¢. Recd. cash for sales, $11.61.

Sept. 9. Bought of Henry Callender & Co. on %, bill of goods, $46.25. Paid John A. Andrews & Co. cash on %, $30.00.

Sept. 11. Sold Miles Davis on %, 2 bushels T. I. salt @ 60¢; 1 bag eureka salt, 87¢; 2 boxes salt @ 25¢. Recd. cash for sales $8.76.

Sept. 15. Paid Silas K. Wright cash on %, $10.00. Paid Henry Callender & Co. cash on %, $20.00. Recd. cash for sales $15.75.

Sept. 16. Recd. cash of Peter Kingsley on %, $6.75. Bought of John A. Andrews & Co. bill of goods, $38.93. Recd. cash for sales $31.18.

Sept. 18. Sold Miles Davis on %, 4 lbs. apricots @ 12½¢; 2 lbs. prunes @ 14¢; 4 lbs. dates @ 11¢. Sold James T. Emery on %, 4 cans peaches @ 30¢; 10 cans pears @ 15¢; 7 cans apricots @ 15¢. Recd. cash for sales, $13.68.

Sept. 23. Paid Silas K. Wright cash on %, $5.00. Paid John A. Andrews & Co. cash on %, $25.00. Recd. cash for sales $9.47.

Sept. 27. Sold Miles Davis on %, 1 bottle salad oil, $1.25; 3 queen olives @ 92¢; 2 Worcester sauce @ 50¢. Recd. cash for sales, $17.24.

Sept. 29. Recd. cash of James T. Emery on %, $7.50. Paid Henry Callender & Co. cash on %, $25.00.

Sept. 30. Recd. of Miles Davis cash on %, $5.00. Sold James T. Emery on %, 2 extract lemon @ 25¢; 2 ex. vanilla @ 30¢. Recd. cash for sales, $12.21. Paid cash for expenses, $11.62.

Statement, September 30, 1899.

RESOURCES AT CLOSING.			
Mdse., as per inventory	1438	81	
Cash, " cash-book	352	39	
James T. Emery owes on %	7	35	
Peter Kingsley " "	13	61	
Miles Davis " "	3	80	
Total resources, September 30			1815 96
DEBTS AT CLOSING.			
Henry Callender & Co., due them on %	52	65	
John A. Andrews & Co., " " "	45	40	
Silas K. Wright, due him on %	10	91	
Total debts at closing			108 96
Net capital at closing			1707 00
Net capital, Sept. 30	1707	00	
" " " 1	1689	35	
Net gain for September			17 65

Questions for Review.

In posting, how should the books be arranged? In what order should the transactions be posted? What is the postmark? Where should it be written? When? With what kind of ink? What care should be exercised? What two terms may be omitted from the ledger?

What is the proof of the posting? What is a proof-sheet? How ruled? What in the inside sets of columns? What in the outside sets? What two amounts must be equal? Why? What three kinds of mistakes can be detected by means of the proof-sheet? What ones cannot?

What is the object of closing the ledger? How should it be closed? What entries should be made with red ink? What with black? What do double red lines usually indicate? When can the proprietor's % be closed?

How can the gain or loss be found? What should be done with the gain or loss?

PROMISSORY NOTES.

Frequently, parties doing business purchase property, but do not care to pay for it at the time. In such cases, sometimes a record of the transaction is made in the books of the debtor and the creditor, in the form of an %, as has already been explained.

Sometimes a written paper is made and signed by the debtor, promising to pay the creditor the amount due him. Such a paper is called a *promissory note.* If it is made payable whenever the creditor demands the money, it is called a *demand note.* If made payable at a specified time, it is called a *time note.* If the debtor promises to pay interest to compensate the creditor for delay of payment, it is called an *interest bearing note.* Sometimes the creditor wishes to have the note so written that he can sell and transfer it to another party at his pleasure. In such a case, the note is made payable to the order of the creditor, or to the bearer. It is then called a *negotiable note.*

There are several parties to promissory notes who are frequently designated by special terms. The person who makes and signs a note is called the *maker* or *payer.* The person to whom the promise of payment is made is called the *payee.* When the payee transfers

the note to another party by writing his order, or his name on the back, he is called the *indorser;* and the person to whom it is made payable is called the *indorsee.* The party who has legal possession of a note is called a *holder.*

COMMON FORM OF A PROMISSORY NOTE.

BOSTON, MASS., Oct. 2, 1899.

Thirty days after date, I promise to pay to the order of Fairbank & Stone $175.62

One Hundred Seventy-five . . . . . $^{62}/_{100}$ Dollars

Value received,

A. B. MESERVEY.

The maker is A. B. Meservey. He is holden to pay the note to the payee, or to any other party to whom it may be transferred. The payees are Fairbank & Stone. If the payees wish to transfer this note to William F. Bradbury, they will write across the back of the note

"Pay to the order of
William F. Bradbury.
Fairbank & Stone."

Fairbank & Stone now become the *indorsers*, and William F. Bradbury the *indorsee.* He is also the legal *holder* of the note. This is called an *indorsement in full.* To indorse the note *in blank*, the payees simply write their names across the back of the note without any "order," or other name. The note will then be transferred by *delivery*, and can be collected at maturity by the bearer, These remarks in regard to notes are sufficient for our present purpose. Further explanations will be made in another place.

ORDERS — DRAFTS.

Sometimes a debtor wishes to pay a debt to a creditor, and does not have the money; but it may be due him from a third party. In this case he might collect the money and pay the debt. But a more convenient method is for the debtor to give to the creditor a written order directing the third party to pay a specified amount to the legal holder, when presented for payment, or at some definite time thereafter.

The payment may be in *merchandise* or in *money;* if for *mdse.*, the paper is usually called an *order;* if for *money* it may be called a *draft*, *check*, or bill of *exchange.*

The person who makes and signs a draft is called the *drawer.* The person to whom it is directed for payment is called the *drawee.* The person to whom the amount is payable is called the *payee.* The payee may indorse and transfer a draft, in the same manner as a note. A *sight* draft is one payable when presented for payment. A *time* draft is one payable a specified time after *sight*, or after *date.*

In some States days of grace are allowed on sight, as well as time drafts.

ORDER FOR MERCHANDISE.

$150.— BOSTON, MASS., Nov. 11, 1899.

Please deliver to Fairbank & Stone One Hundred Fifty dollars' worth of mdse., and charge the same to % of

A. B. MESERVEY.

To JORDAN, MARSH & Co.
Washington and Avon St.

Orders like the above are frequently used by contractors and builders in paying help from stores controlled by the company.

In such cases, the orders are usually credited to the payee when presented. The goods are delivered when needed, and debited to the payee.

ACCEPTED DRAFT.

LOWELL, MASS., July 5, 1899.

Ten days after sight, pay to the order of Geo. A. Fernald & Co., ... $76.42

Seventy-six and $^{42}/_{100}$ Dollars

Value received, and charge to % of

JOHN BROWN.

To A. B. MESERVEY.

Accepted July 6, 1899. A. B. Meservey.

"Sight" in this case means presentment for acceptance. A draft payable on time after sight, should be presented to the drawee as soon as convenient, to be accepted by him. This is done by writing the word "Accepted" across the face of the draft together with the date and the drawee's name.

Previous to acceptance, a draft is simply an order of the drawer, directing the drawee to pay a certain amount of money; but he may pay or not, as he pleases. It is then called a draft; but when the drawee accepts it, he becomes holden for its payment, and the accepted draft is then usually called an *acceptance.* The drawer is then holden simply as an *indorser.* The *drawee* holds about the same relation to an acceptance, as the *maker* does to a note; the *drawer,* the same as an *indorser* of a note.

In the above *order*, A. B. Meservey is the *drawer*, Jordan, Marsh, & Co., the *drawees*, Fairbank & Stone, the *payees.*

In the draft, John Brown is the *drawer*, A. B. Meservey, the *drawee* and the *acceptor*, Geo. A. Fernald & Co., the *payees.*

Questions.

When a person purchases property and does not wish to pay for it at the time, in what way may the record be made? In what other way may the case be arranged? What is a promissory note? What is a demand note? What is a time note? What is an interest bearing note? What is a negotiable note? What makes a note negotiable? Who is the maker of a note? Who the payee? Who the indorser? Who the indorsee? Who the holder? What are days of grace? What is the common form of a time note? In the above form, who is the maker? Who the payees? Who the indorsers? Who the indorsee? What is indorsement in full? What in blank? What is an order for mdse.? What an order for money? What is a draft? Who is the drawer? Who is the drawee? Who the payee? How is a draft indorsed? Who is the first indorser? Who is the indorsee?

What is a sight draft? What a time draft? What is said of days of grace? For what purpose are orders for mdse. frequently used? When are they credited? When is the mdse. delivered?

What is meant by "sight"? When should a sight draft be presented for acceptance? How is a draft accepted? What is a draft usually called after it has been accepted? Who is holden to pay an acceptance? How is the drawer then holden?

PARTNERSHIP.

Sometimes two or more persons combine their services, skill, property, and credit for the purpose of conducting a business for

their joint benefit. Such an association is called a *firm* or *partnership*, and the individual members of the firm are called partners. In such cases, articles of agreement are written and signed by the parties; a firm title is adopted; the necessary legal requirements are complied with; each partner is credited for his investment, and debited for the debts assumed to be paid for him by the firm.

The private property of the partners then becomes holden for the debts of the firm, and the gains and losses are shared by the partners in proportion to the amount of their several investments, or according to the original agreement. In this way, business enterprises may be successful, which to an individual might be impossible, for want of the necessary skill and capital.

Sometimes two or more parties who have been engaged in business separately, unite their assets and liabilities, and engage in business as a firm. In this case, the assets are credited, and the debts are charged to the several partners.

The bills receivable and bills payable are then transferred from the bill-books of the partners to the bill-book of the firm. Then the debit balances from the assets of the partners are charged to the debtors in the day-book of the firm, and the credit balances are credited to the creditors. In this way the bill-books and ledgers of the partners are closed, and a new bill-book and ledger opened for the firm. The following examples will serve to illustrate these principles.

EXAMPLE X.

PARTNERSHIP BUSINESS — TWO PARTNERS. DAY-BOOK, CASH-BOOK, LEDGER, BILL-BOOK.

Agreement.

BOSTON, MASS., Oct. 2, 1899.

John A. Fairbank and David H. Stone agree to enter into a partnership for the purpose of engaging in trade, under the firm name of Fairbank & Stone.

The partners agree to devote their entire time to the business; to furnish equal amounts of capital; and to share alike the gains and losses.

MEMORANDA OF TRANSACTIONS.

Oct. 2, 1899. John A. Fairbank invests mdse., $4782.51; a note in his favor, signed by George H. Holt, dated Sept. 4, 1899,

for $446.84, payable 30 days after date; an % against Walter D. Rosfelt for $77.56; and an % against Elijah Greenleaf for $86.12. The firm assumes to pay for him, a note favor of Nathan T. Joy, dated August 7, 1899, for $100.00, payable 60 days from date; an % favor of Loren F. Clarkson for $62.18; and an % favor of Milton S. Cragin for $230.85.

David H. Stone invests cash, $5000.

Oct. 5. Recd. the following order for mdse.:

LOWELL, MASS., Oct. 5, 1899.

Please pay to the order of William Newton $25.00
Twenty-five . . . . . Dollars
in merchandise, and charge to % of

UNION MACHINE CO.

To FAIRBANK & STONE.

The amount of this order should be debited to the Union Machine Company; and as Newton does not wish to take all the mdse. at the time, he should be credited for the whole order, and debited for the mdse. received. The following articles were delivered to him when the order was received: viz., 1 pr. rubber boots, $3.50; 2 prs. boy's boots @ $1.50.

Oct. 4. George H. Holt has paid his note due this day, $446.84.

Oct. 6. Paid cash for note favor of Nathan T. Joy, $100.00.

Oct. 7. Bought bill mdse. of Batchelder and Lincoln for $42.00, for which we have given them draft on Walter D. Rosfelt for the amount. Credit Rosfelt because he pays for the goods for us.

Oct. 11. Recd. the following order for mdse., and delivered the whole amount:

$28.50. MALDEN, MASS., Oct. 11, 1899.

Please pay to Albert H. Coombs Twenty-eight and $^{50}/_{100}$ Dollars' worth of mdse. and charge to % of

UNION MACHINE CO.,
A. A. LANE, *Agent.*

Messrs. FAIRBANK & STONE.

As the whole of the mdse. is delivered, there will be no % with Coombs. We merely charge the amount to the Union Machine Company, and file the order as a voucher.

Sold Solomon Gaylord a bill mdse. at ten days, and received his note, $27.38.

Oct. 19. The following draft has been presented and paid:

BOSTON, MASS., Oct. 19, 1899.

At sight, pay to the order of Abraham Downes & Co. . $100.00
One Hundred . . . . . Dollars
and charge to % of

MILTON S. CRAGIN.

Messrs. FAIRBANK & STONE.

As the money is paid for Cragin, on his order, he should be debited for the amount.

Oct. 21. Recd. the following draft:

MEDWAY, MASS., Oct. 21, 1899.

At sight, pay to the order of Asa D. Conant $55.12
Fifty-five and . . . . . 12/100 Dollars
Value received, and charge the same to the % of

LOREN F. CLARKSON.

Messrs. FAIRBANK & STONE.

We charge the amount to Clarkson; file the draft as a voucher; and give Conant the following draft on Elijah Greenleaf in payment:

$55.12. BOSTON, MASS., Oct. 21, 1899.

At sight, pay to the order of Asa D. Conant,
Fifty-five and . . . . . 12/100 Dollars
and charge the same to % of

FAIRBANK & STONE.

To ELIJAH GREENLEAF.

As Greenleaf pays the amount for us, he should be credited in our day-book.

Solomon Gaylord has paid cash for his note due this day, $27.38.

Oct. 23. Bought mdse. of Warren Boot & Shoe Co., on our note at 30 days, $76.47.

Oct. 25. Issued the following draft:

BOSTON, MASS., Oct. 25, 1899.

At sight, pay to the order of Loren F. Clarkson . . . $7.06
Seven and . . . . . 6/100 Dollars
Value received, and charge to the % of

FAIRBANK & STONE.

To WALTER D. ROSFELT.

Credit Rosfelt and debit Clarkson.

Oct. 27. Bought bill mdse. and gave in payment the following draft:

BOSTON, MASS., Oct. 27, 1899.

At sight, pay to the order of A. F. Smith $81.17
Eighty-one and . . . . . 17/100 Dollars
and charge to % of

FAIRBANK & STONE.

To MILTON S. CRAGIN.

We receive the mdse., and Milton S. Cragin pays for it, therefore he should be credited.

Oct. 28. Sold Lyman Pratt, on his note at 30 days, bill mdse., $31.11.

Bought bill mdse. of L. B. Evans & Son, on our note at 30 days, $39.42.

Oct. 30. Sold William H. Newton on %, bill mdse. for $8.42.

The student will now close the cash-book, post and foot the day-book, make a proof-sheet, make statement of assets and liabilities, credit half the net gain to each partner in the ledger, and bring down the balances.

DAY-BOOK. EXAMPLE X.

BOSTON, MASS., OCT. 2, 1899.

	JOHN A. FAIRBANK	Cr.				
	For Mdse., per inventory		4782	51		
	" Bills receivable, per bill-book		446	84		
	" Walter D. Rosfelt, due on %		77	56		
	" Elijah Greenleaf, " "		86	12	5393	03
	JOHN A. FAIRBANK	Dr.				
	For Bills payable, per bill-book		100	00		
	" Loren F. Clarkson on %		62	18		
	" Milton S. Cragin "		230	85	393	03
	DAVID H. STONE	Cr.				
	For cash invested				5000	00
	WALTER D. ROSFELT	Dr.				
	For amt. due John A. Thompson				77	56
	ELIJAH GREENLEAF	Dr.				
	For amt. due J. A. T.				86	12
	LOREN F. CLARKSON	Cr.				
	For amt. due from J. A. T.				62	18
	MILTON S. CRAGIN	Cr.				
	For amt. due from J. A. T.				230	85
5	UNION MACHINE CO.	Dr.				
	For order favor of Wm. H. Newton				25	00
	WILLIAM H. NEWTON	Cr.				
	For above order				25	00
	WILLIAM H. NEWTON	Dr.				
	For 1 pr. rubber boots		3	50		
	" 2 " boys' boots @ $1.50		3	00	6	50
	Amount carried forward				11299	27

BOSTON, MASS., OCT. 7, 1899.

	Amount brought forward		11299	27
	WALTER D. ROSFELT For sight draft favor of Batchelder and Lincoln	Cr.	42	00
11	UNION MACHINE CO. For order favor of Albert H. Coombs	Dr.	28	50
19	MILTON S. CRAGIN For draft favor of Abraham Downes & Co.	Dr.	100	00
21	LOREN F. CLARKSON For paying draft favor of Asa D. Conant	Dr.	55	12
	ELIJAH GREENLEAF For draft favor of Asa D. Conant	Cr.	55	12
25	LOREN F. CLARKSON For draft on Walter D. Rosfelt	Dr.	7	06
	WALTER D. ROSFELT For above draft	Cr.	7	06
27	MILTON S. CRAGIN For draft, favor of A. F. Smith	Cr.	81	17
30	WILLIAM H. NEWTON To bill mdse.	Dr.	8	42
	Total footing of day-book		11683	72
	J. A. FAIRBANK By ½ net gain	Cr.	58	57
	DAVID H. STONE By ½ net gain	Cr.	58	57
			11800	86

Statement of Assets and Liabilities.

John A. Fairbank invested, Oct. 2, 1899	5393	03		
Deduct his debts assumed	393	03		
John A. Fairbank's net capital	5000	00		
David H. Stone's " "	5000	00		
Total net capital, Oct. 2, 1899			10000	00
ASSETS, Oct. 30, 1899.				
Cash, as per cash-book	5274	22		
Mdse. " estimated	5036	80		
Bills receivable, as per bill-book	31	11		
Walter D. Rosfelt owes on %	28	50		
Elijah Greenleaf " "	31	00		
Union Machine Co. " "	53	50		
Total assets at closing			10455	13
DEBTS.				
Bills Payable, per bill-book	115	89		
Milton S. Cragin, due him on %	212	02		
William H. Newton " " "	10	08		
Total debts			337	99
Total net capital at closing			10117	14
Net capital, Oct. 30, 1899	10117	14		
Deduct net capital, Oct. 2, 1899	10000	00		
Net gain for the month			117	14
Dividing this equally, each partner's gain will be			58	57
John A. Fairbank's capital, Oct. 2	5000	00		
" " " net gain	58	57		
John A. Fairbank's capital, Oct. 30			5058	57
David H. Stone's capital, Oct. 2	5000	00		
" " " net gain	58	57		
David H. Stone's net capital at closing			5058	57

EXAMPLE XI.

Same parties as in the last example, but with different assets and liabilities.

MEMORANDA OF TRANSACTIONS.

John A. Fairbank invests as follows: mdse., $5287.61; a note in his favor, dated Oct. 5, 1899, signed by David R. Porter, for $362.18, payable 30 days from date; a note in his favor, dated Sept. 11, 1899, signed by William H. Lord, for $275.13, payable 60 days from date; an % against Samuel C. Worth for $162.08; an % against George W. Crane for $236.18; and an % against Vincent Covell for $64.14. The firm assumes to pay for him the following debts: A note favor of Leonard Shaw for $125.25, dated Oct. 19, 1899, payable 30 days from date; an % favor of Benjamin Huse for $61.19; an % favor of Robert Newcomb for $131.68; and an % favor of Amos S. Delivan for $69.20.

David H. Stone invests cash, $6000.

Nov. 3. Recd. the following order and delivered the whole amount of mdse.:

$25.00. BOSTON, MASS., Nov. 3, 1899.

Please deliver to the bearer, Charles T. Nesbit, Twenty-five Dollars' worth of books and blanks, and charge the same to my %.

AMOS S. DELIVAN.

TO FAIRBANK & STONE.

Nov. 4. David R. Porter has paid cash for his note, $362.18.

Nov. 9. Paid cash for the following draft:

LOWELL, MASS., Nov. 9, 1899.

At sight pay to the order of
Aaron R. Stone $34.16
Thirty-four and . . . . . $^{16}/_{100}$ Dollars
Value received,

ROBERT NEWCOMB.

TO FAIRBANK & STONE,
Boston, Mass.

Nov. 10. William H. Lord has paid cash for his note, $275.13.

Nov. 11. Bought bill mdse., and issued in payment the following draft.

$21.75. BOSTON, MASS., Nov. 11, 1899.

At sight, pay to the order of John C. Knowlton,
Twenty-one . . . . . 75/100 Dollars
and charge to % of

FAIRBANK & STONE.

To SAMUEL C. WORTH,
Chicago, Ill.

Nov. 15. Recd. the following order:

$20.00. BOSTON, MASS., Nov. 15, 1899.

Please deliver to Bronson Connor, Twenty Dollars' worth of mdse., and charge the same to % of

AMOS S. DELIVAN.

To FAIRBANK & STONE,
Boston.

We deliver to Connor a bill of books amounting to $9.75, and make the three entries in the day-book.

Nov. 18. Sold bill books and blanks, and received the following note:

BOSTON, MASS., Nov. 18, 1899.

Thirty days after date, I promise to pay to the order of Fairbank & Stone $43.78
Forty-three . . . . . 78/100 Dollars
Value received,

WILLARD M. PERLEY.

Paid note favor of Leonard Shaw, $125.25.

Nov. 21. Bought bill mdse. and gave the following note:

$126.41. BOSTON, MASS., Nov. 20, 1899.

Thirty days from date, we promise to pay to the order of Joseph C. Norton,
One Hundred Twenty-six and . . . . . 41/100 Dollars
Value received,

FAIRBANK & STONE.

Nov. 23. Issued the following draft in payment of Benjamin Huse's acct.:

BOSTON, MASS., Nov. 23, 1899.

At sight, pay to the order of Benjamin Huse $61.19
Sixty-one . . . . . 19/100 Dollars
Value received, and charge to % of

FAIRBANK & STONE.

To GEO. W. CRANE.

Nov. 25. Recd. the following draft:

$42.75. LOWELL, MASS., Nov. 25, 1899.

At sight, pay to the order of James Preston,
Forty-two and . . . . . 75/100 Dollars
and charge to my %,

ROBERT NEWCOMB.

To FAIRBANK & STONE,
Boston, Mass.

Paid the above by issuing the following:

BOSTON, MASS., Nov. 25, 1899.

At sight, pay to the order of James Preston $42.75
Forty-two . . . . . 75/100 Dollars
Value received,

FAIRBANK & STONE.

To VINCENT COVELL,
38 Blank Street.

Nov. 28. Sold bill-books and recd. the following note:

$181.14. BOSTON, MASS., Nov. 28, 1899.

Sixty days from date, I promise to pay Fairbank & Stone, or order, One Hundred Eighty-one . . . . . 14/100 Dollars
Value received,

IRA N. FOSTER.

Nov. 30. George W. Crane has paid cash on %, $28.50.

Statement of Assets and Liabilities.

RESOURCES AT CLOSING.				
Cash, per cash-book	6506	40		
Mdse. estimated value	5208	56		
Notes, per bill-book	224	92		
Accts. " day-book	308	21		
Total resources			12248	09
DEBTS				
Notes, per bill-book	126	41		
Accts. " day-book	89	22		
Total debts			215	63
Net capital at closing			12032	46
Net capital at commencing			12000	00
Total net gain			32	46
Each partner's net gain			16	23
John A. Fairbank's net capital at closing			6016	23
David H. Stone's net capital at closing			6016	23

EXAMPLE XII.

This is a continuation of Example XI., the assets and liabilities remaining the same as in the last statement.

Memoranda of Transactions.

Dec. 1, 1899. Received an order from Amos S. Delivan to deliver $13.75 worth of mdse. to Oliver Sargent, and charge to % of Delivan. Delivered the whole amount.

Dec. 4. Bought bill mdse. of Thomas Floyd for $63.71, and gave him our note, payable 60 days from date.

Dec. 6. Paid William Arnold cash for Samuel C. Worth's sight draft on us, $39.25.

Dec. 9. Bought bill goods of Wells Paper Co., and gave draft on Geo. W. Crane, $71.28.

Dec. 11. Paid cash for Robert Newcomb's draft on us, favor of Moses True, $36.75.

Dec. 14. Sold William P. Wilder, for cash, draft on Vincent Covell, $21.39.

Dec. 16. Recd. draft of Robert Newcomb for $18.02, favor of Solon Perkins; which we pay by our draft on Geo. W. Crane for same amount.

Dec. 18. Sold Bronson Connor bill books for $10.25, to bal. %.

Willard M. Perley has paid his note, $43.78.

Dec. 20. Delivered mdse. for Amos S. Delivan's order, favor of Nelson Prescott, for $10.45.

Paid cash for our note favor of Joseph C. Norton, $126.41.

Dec. 25. Bought bill mdse. of Harper & Brothers, and gave in payment sight draft on Samuel C. Worth, $162.18.

Dec. 29. Sold bill books for cash, $36.91.

Dec. 30. Sold draft on Geo. W. Crane, favor of Cyrus Howe, for $29.74, and recd. cash.

The learner will write this out and close all the books. The amount of mdse. on hand at closing is estimated at $5488.51.

The amount of each partner's net capital at closing is $6043.30.

CASH-REGISTER.

Formerly, cash received from sales of mdse. was put in the money drawer; a record of the transaction was made in a petty cash-book; and, at the close of the day's business, the total receipts were entered in the general cash-book. Now most retail dealers make use of a cash-register.

The Cash-Register is a patent machine having keys similar to those of the type-writer, for registering the receipts and payments of money, and also the sales and purchases of mdse. on acct.

The different kinds of business transactions are indicated by the colors of the slips of paper on which the record is made. These are of three kinds, *red*, *blue*, and *yellow*.

When mdse. is sold for which cash is received, the proper keys are touched; the amount is registered; the money is placed in the drawer of the register; and no other record is made of the transaction till the total of cash is carried to the general cash-book, at the close of the day's business.

When cash is paid out for *mdse.*, or *on acct.*, or for any other *purpose*, the record of the transaction is written on a *blue* slip of paper, called a "paid-out slip," which is registered, and placed in the proper compartment of the drawer of the cash-register.

When mdse. is *sold* on acct., the record is made on a *red* slip of paper, called a "charge slip," which is registered and placed in the drawer.

When mdse. is *bought* on acct., a record is made on a *yellow* slip, called a "recd. on acct." slip, which is registered and placed in the drawer.

When cash is received *on acct.* by the outside salesmen, by the inside salesmen, or by the book-keeper, the record of receipt is made on a *yellow* slip. Then the slip and the money are each registered, and both are placed in the drawer.

When the day's business is done, the register is closed. The amount of money as found by *counting* is compared with the total cash as indicated by the *register;* and if the amts. are alike, a record of the amt. is made in the general cash-book, as total receipts for the day.

If the *count* and the *record* do not agree, the work should be reviewed and the mistake rectified. The slips should then be filed and passed to the book-keeper, to be transferred to the proper accts.

LEDGERS.

Sometimes the debits and credits of a business are kept in several different ledgers. These may vary in form and use, according to the nature of the transactions to be recorded. Thus a ledger designed to contain only a record of the investments, the withdrawals, the gains, and the losses of the proprietor, or the partners, is usually called a *private* ledger. A ledger which contains only a record of mdse. *sold* is called a *sales* ledger, sometimes a *debit* ledger. A ledger containing only a record of mdse. *bought* is frequently called a *purchase* ledger, sometimes a *credit* ledger.

When the books are closed, all the ledgers must be considered as *one*, in order that the true state of the business may be ascertained, and the proper tests may be applied.

In the following example only one ledger will be used — the common standard ledger. All the debits and credits will be passed through the cash-register on the slips, and, from these, the items will be transferred to the ledger. The work may be considerably abridged, by posting the orders received by the outside and inside salesmen directly from the order-books, without passing them through the register. This method is frequently adopted.

BANK CHECKS.

Most business men deposit their money in some bank or trust company, and pay their bills mostly by checks on the same. A bank check is merely an informal sight draft, of which the dealer who has money deposited in the bank is the *drawer;* the bank is the *drawee;* the creditor who receives the check is the *payee.*

The dealer seldom keeps his acct. with the bank of deposit in his ledger, but in his check-book. An acct. is kept with the dealer in the books of the bank, and also in the dealer's pass-book, which should be written up, closed, and returned to the depositor, together with the cancelled checks, at the end of every month.

A bank check should always be paid at sight, and should be counted as cash. In finding the amt. of cash on hand, — as shown in the general cash-book, — money, bank checks, and the balance on deposit in the bank should be added.

But when an acct. is kept with the bank in the ledger, the balance on deposit should not be counted as cash.

OUTSIDE AND INSIDE SALESMEN.

Formerly, retail dealers kept their mdse. in their stores; and their customers came, purchased what they wished, and carried the goods away. But in many kinds of business, there has been a marked change of method. This has been specially true in regard to the grocery trade.

The day-book was *once* regarded as the only book of original record. Now the first records of business transactions are frequently made in the order-books; from which the items are posted directly to the ledgers, or by means of slips, through the cash-register, to the ledgers. Thus the day-book is not needed and is omitted. Frequently, even in the retail trade, there are *outside salesmen* and *inside salesmen*. The outside salesmen drive their order teams to the homes of the customers, take orders, return to the store, have the orders filled, deliver the goods, fill out the slips for the register, and then pass the slips, the order-books, and all the money received, whether for mdse. delivered, or for cash received on acct., to the book-keeper, who audits the acct. and registers the money and the slips. If the posting is done directly from the order-books, the slips need not be made out. The advantage gained by making out the slips is that the record of every transaction of the day will be found in the file of slips for the day.

Usually an outside salesman has several routes, with an order-book for each; so that orders may be filled for one route, while he is taking orders from another.

The *inside* salesmen fill the orders secured by the outside salesmen, serve the inside customers, and make the proper records on the slips, register them, and also register all money received for mdse. and on acct.

The inside salesman may make the original record of his transactions on the slips or in order-books. Whichever method may be adopted, the original record must be preserved for future reference in case of dispute.

Accts. with wholesale dealers are sometimes kept in an invoice-book, and not carried to the ledger. But in the following example they will be passed through the cash-register to the ledger, like other transactions. When an invoice is received, the face value will be credited on a yellow slip; when paid, the discount and cash will be debited on a blue slip.

EXAMPLE XIII.

Order-Book, Ledger, Cash-Book, Bill-Book, Check-Book, Pass-Book, Invoice-Register.

GENERAL MERCHANDISE. MEMORANDA.

Frank W. Preston, Henry W. Brown, and *Henry B. Bacon* form a partnership, under the firm name of Preston, Brown, & Bacon, as dealers in general merchandise, to invest equal amounts, and to share alike in profits and losses.

Jan. 2, 1899. Each partner invests cash, $5000. Deposited in First National Bank, $12,000. Bought of James Riggs stock of general merchandise, $8000; store fixtures, teams, etc., as per schedule, $1461.84; for which we have given him check on First National Bank.

From outside order-books (debits). *Peter Clark,* 1 bag mixed feed, 90¢; 2 bags meal @ 80¢; 3 bush. oats @ 35¢. Cr. by cash, $1000. *Noah Crockett,* 5 lbs. rolled oats @ 5¢; 10 lbs. wheat graham @ 4¢; 10 lbs. rye graham @ 3¢; gold dust, 25¢; ¼ pepper, 6¢; extract lemon, 20¢. Cr. by 2½ doz. eggs @ 28¢. *Leander Snow,* 7 lbs. cheese @ 15¢; 1 gal. vinegar, 20¢; 3 doz. eggs @ 30¢; 10 lbs. beans @ 4¢; 2 lbs. prunes @ 12¢; 2 bush. potatoes @ 60¢. *Arthur L. White,* 2 bush. apples @ 40¢; 5 lbs. honey @ 25¢; 4 cans blueberries @ 12½¢; 6 cans blackberries @ 15¢. *Newton Moore,* 50 lbs. lard @ 10¢; 25 lbs. butter @ 25¢; 16 lbs. ham @ 11¢; 20 lbs. pork @ 8¢. Cr. by cash, $10.

Sales from red slips (debits). *Robert Kendall,* ¼ cloves, 6¢; ¼ ginger, 6¢; 3 lbs. raisins, 25¢; 3 cans squash, 25¢; 6 soap, 25¢. *Loring Strong,* 2 bbls. flour @ $5.50; 10 bags meal @ 80¢. Cr. by cash, $12.50. *Jacob Earle,* 5 gals. oil @ 12¢; 6 lbs. rice @ 7¢; 5 lbs. cheese @ 15¢; 4 germ meal @ 15¢. *Benson Baker,* 4 ivory soap @ 10¢; ⅛ matches, 10¢; ¼ pepper, 6¢; 1 lb. starch, 12¢.

From yellow slips (credits). *Holman & Sons,* bill groceries, $16.41. Dis. 1/10. *Sanborn & Rice,* bill oil, $63.83. Dis. 1/10.

From blue slips. Paid for petty expenses, $3.75. (This should be entered in cash-book only.) Amount of cash, as per cash-register, $12.50.

Jan. 5. Order-book. Nathan Bird, 25 lbs. gran. sugar @ 5¢; 2 gals. molasses @ 50¢. *Peter Clark,* 2 lbs. Eng. currants @ 10¢; 2 lbs. soda @ 7¢; ¼ nutmeg, 18¢. *Kingman Terry,* 3 bush.

timothy seed @ $2.25; 100 clover seed @ 10¢; 1 sack red-top, 50 lbs. @ 15¢; 20 bush. oats @ 35¢. *Leander Snow*, 1 lb. mixed tea, 65¢; 2 lbs. coffee @ 35¢; 2 baking powder @ 45¢. *Byron Windham*, 1 pr. boots, $4.25; 1 pr. shoes, $2.50; 1 pr. slippers, $1.25.

From red slips. *Jacob Earle*, 3 lbs. crackers @ 7¢; box codfish, 45¢; ½ cream tartar, 18¢; package buckwheat, 12¢. *Chester Lane*, bbl. flour, $5.25; 100 lbs. bran, 75¢; 4 bags corn @ 85¢; 100 middlings, 90¢. *Benson Baker*, 10 yds. print @ 6¢; 5 yds. velvetine @ 5¢; 4 thread @ 4¢; 2 papers pins @ 5¢; 3 braid @ 5¢.

From yellow slip. *Winthrop Brothers*, bill fancy goods, $126.47, 5/30, 6/10.

From blue slip. Paid cash for stationery, $3.91. Amt. of cash from register, $36.28.

Deposited in bank, $1000.

Jan. 11. From order-books. *Peter Clark*, 1 bbl. flour, $5.50; 1 broom, 35¢; 2 horse blankets @ $3.12; 6 lbs. nails @ 4¢. Cr. by cash, $8. *Loring Strong*, 11 yds. outing @ 8¢; overalls, 75¢; mittens, 38¢; 2 prs. drawers @ 72¢; whip, $1.50. *Noah Crockett*, 100 lbs. white lead @ 6¢; 6 gals. linseed oil @ 45¢; paint-brush, 65¢.

From red slips. *Byron Windham*, 5 oil @ 12¢; 2 molasses @ 35¢; 1 vinegar, 20¢; 2 bush. potatoes @ 60¢; ¼ onions, 40¢; ¼ beans, 50¢. *Arthur L. White*, 2 ex. vanilla @ 30¢; ¼ cream tartar, 9¢; 4 lbs. dried beef @ 21¢; 2 doz. eggs @ 30¢; ½ tea, 30¢. Cr. cash, $2.50. *Mrs. Mary Colby*, 5 yds. cambric @ 6¢; 2 doz. buttons @ 12¢; 2 braid @ 5¢; 3 silk @ 8¢; 2 thread @ 4¢; needles, 6¢; pins, 5¢.

From yellow slips. *Bill of New York Paper Co.*, for room paper, $47.19, net 4 mos. from March 1, 5/30, 6/10. *Boston Hardware Co.*, for bill hardware, $118.36, net 30 days.

From blue slip. Paid *Holman & Sons* to balance, $76.41 — less dis. .76 = $75.65, per check. Paid *Sanborn & Rice*, per check to balance, $63.83 — dis. .64 = $63.19. Paid for repairing show-case, $1.87. Cash receipts, per register, $67.14.

Jan. 16. From order-books. *Newton Moore*, bag flour, $1.87; box cocoa, 25¢; 3 lbs. coffee, @ 35¢; 2 tea @ 60¢; 5 soda @ 7¢; box codfish, 40¢; 2 ex. lemon @ 20¢. *Kingman Terry*, ¼ potatoes, 15¢; 10 gran. sugar @ 5¢; 3 powd. sugar @ 6¢; 4 cheese @ 15¢; 6 lemons, 15¢. Cr. cash $25. *Nathan Bird*, 3 lbs. dates @ 10¢; 2 lbs. newtons @ 20¢; 1½ lbs. soda crackers @ 14¢. *S. P. Rogers*, 4 lbs. butter @ 25¢; pail lard, 55¢; 5 sugar @ 5¢; stove polish, 10¢; olives, 42¢.

From red slips. Chester Lane, 2 lbs. sago @ 8¢; 3 tapioca @ 10¢; 6 corn starch @ 9¢; macaroni, 13¢; ½ chocolate, 20¢. *Robert Kendall*, bbl. flour, $5.25; 2 bags meal @ 80¢; 10 bush. oats @ 37¢. Cr. by cash, $6.00.

From yellow slips. Bateman & Co., bill groceries, $37.28 — 30 days, 1/10. *Western Milling Co.*, bill of feed, $326.18, net 30 days, 1/10.

From blue slips. Paid *Winthrop Brothers*, $126.47 — dis. 7.59 = $118.88, per check. Paid gas bill, $8.75. Cash per register, $81.46.

Deposited in bank, $375.00.

Jan. 25. From order-books. Peter Clark, 300 bran @ 85¢ per hundred; 500 middlings @ 95¢; 200 corn and oats @ 90¢; 400 mixed feed @ 87¢. Cr. by cash, $12.00. *Noah Crockett*, 5 oil @ 12¢. Cr. 6 doz. eggs @ 28¢. *Nathan Bird*, 3 cans peas, 25¢; 3 cans squash, 25¢; 6 cans tomatoes, 50¢; 2 cans peaches @ 25¢. Cr. by cash, $3.50. *Loring Strong*, 7 lbs. rice @ 8¢; 4 qts. cranberries @ 8¢; 3 lbs. raisins, 25¢.

From red slips. S. P. Rogers, box cocoa, 25¢; 4 lbs. soda @ 7¢; mustard, 15¢; fibre pail, 35¢; oil can, $1.25; 5 oil @ 12¢. *Mrs. Mary Colby*, 12 yds. outing @ 8¢; 36 yds. cotton @ 8¢; 2 towels @ 25¢; table cover, $2.25.

From yellow slips. Holman & Sons, bill groceries, $51.12, 1/10. *Winthrop Brothers*, bill mdse., $38.19, 6/10.

From blue slips. Bateman & Co., paid, $37.28 — .37 = $36.91, per check. Paid *Western Milling Co.*, $326.18 — 3.26 = $322.92, per check. Paid for mdse., $12.50. Cash, per register, $93.84.

Jan. 30. From order-books. S. P. Rogers, 1 broom, 30¢; basket, 50¢; shovel, 60¢. *Noah Crockett*, whip, $1.25; gloves, 87¢; socks, 50¢; cap, $1.75. *Jacob Earle*, oysters, 40¢; 3 lbs. oyster crackers @ 8¢; 10 lbs. pickles @ 7¢. *Benson Baker*, 100 lbs. oyster shells, 75¢; 18 lbs. sugar @ 5¢. Cr. by 2 doz. eggs @ 28¢.

From red slips. Robert Kendall, 19 lbs. sugar @ 5¢; 12½ ham @ 12¢; 10 lbs. pork @ 8¢. *Byron Windham*, ⅛ flour, 70¢; 10 lbs. graham @ 4¢; 10 lbs. entire wheat flour @ 4¢; 10 lbs. bolted meal @ 2¢. *Chester Lane*, 2 gals. mixed paint @ $1.25; ¼ varnish, 87¢; 2 lbs. putty @ 5¢.

From yellow slips. Holman & Sons, bill groceries, $21.68, 1 off, 10 days.

From blue slips. Paid *New York Paper Co.*, per check, $47.19 — dis. 2.36 = $44.83.

Paid salaries and other expenses, per check, $87.50.
Cash as per cash-register, $104.67.
Deposited, $1000.
Merchandise at closing estimated at $8700.

Remarks.

In the above memoranda, only a few transactions, on a few dates, are given. But the principles illustrated are the same, whether few or many.

Below will be found a form of the order-book, and of each of the three kinds of slips. The learner will write out *in full*, the order-book for the month, and all the slips, using the forms as samples.

The learner will then write out the ledger, cash-book, pass-book, check-book, and invoice register.

Samples of Slips for Cash-Register.

Order-Book.

Jan. 2, 1899.

Peter Clark.

1 bag mixed feed	.90
2 bags meal @ 80¢	
3 bush. oats @ 35¢	
Cr.	
By Cash	$2.00

" " Noah Crockett.

5 rolled oats	@ 5¢	
10 wheat graham	@ 4¢	
10 rye "	@ 3¢	
gold dust		.25
¼ pepper		.06
ex. lemon		.20
Cr.		
By 2½ doz. eggs @ 28¢		

" " Leander Snow.

7 cheese	@ 15¢
1 vinegar	" 20¢
3 eggs	" 30¢
10 beans	" 4¢
2 prunes	" 12¢
2 potatoes	" 60¢

Charge Slip.

Jan. 2, 1899.

Robert Kendall.

¼ cloves	6¢
¼ ginger	6¢
3 raisins @ 25¢	
3 squash	25¢
6 soap	25¢

Credit Slip.

Jan. 2, 1899.

Holman & Sons.

Bill groceries	$76.41
1 off 10	

Sanborn & Rice.

Bill oil	$63.83
1/10	

Paid-out Slip.

Jan. 11, 1899.

Paid Holman & Sons, per check, $76.41 − dis. .76 = $75.65.
Paid Sanborn & Rice, per check, $63.83 − .64 = $63.19.
Paid for repairing showcase, $1.87.

Below will be found two samples of accts. resulting from sales, and two others resulting from purchases. The ledger should be closed as previously explained. The balances should be brought down.

LEDGER.

Peter Clark.

1899					1899				
Jan. 2	Bag mixed feed			90	Jan. 2	Cash		2	00
	2 bags meal	80	1	60	11	"		8	00
	3 bush. oats	35	1	05	25	"		12	00
5	2 Eng. currants	10		20	30	Balance		6	98
	2 soda	7		14					
	¼ nutmegs			18					
11	Bbl. flour		5	50					
	Broom			35					
	2 horse blankets	3.12	6	24					
	6 nails	4		24					
	300 bran	85	2	55					
	500 middlings	95	4	75					
	200 corn and oats	90	1	80					
	400 mixed feed	87	3	48					
			28	98				28	98
Feb. 1	Balance		6	98					

Noah Crockett.

1899					1899				
Jan. 2	5 rolled oats	5		25	Jan. 2	2½ eggs	28		70
	10 graham	4		40	25	6 "	28	1	68
	10 rye graham	3		30	30	Balance		13	40
	Gold dust			25					
	¼ pepper			06					
	Ex. lemon			20					
11	100 white lead	6	6	00					
	6 linseed oil	45	2	70					
	Paint-brush			65					
25	5 oil	12		60					
30	Whip		1	25					
	Gloves			87					
	Socks			50					
	Cap		1	75					
			15	78				15	78
Feb. 1	Balance		13	40					

HOLMAN & SONS.

1899					1899				
Jan. 11	Cash		75	65	Jan. 2	Bill mdse.		76	41
	Dis. 1/10			76					
			76	41				76	41
Jan. 30	Balance		72	80	Jan. 25	Bill mdse.		51	12
					30	" "		21	68
			72	80				72	80
					Feb. 1	Balance		72	80

SANBORN & RICE.

1899					1899				
Jan. 11	Cash		63	19	Jan. 2	Bill mdse.		63	83
	Dis. 1/10			64					
			63	83				63	83

CHECK-BOOK.

Payee JAMES RIGGS	Jan. 2 Depos.	12,000	00
	Check No. 1	9,461	84
For what? Mdse., &c.		2,538	16
Amount $9461.84	Jan. 5 Depos.	1,000	00
No. 1			
Payee HOLMAN & SONS	Balance	3,538	16
	Jan. 11 Check 2	75	65
For what? Mdse.			
Amount $75.65			
No. 2	Jan. 11		
	Balance	3,462	51

BOSTON, MASS., Jan. 2, 1899.

FIRST NATIONAL BANK

Pay to the order of JAMES RIGGS, $9461.84

Nine Thousand Four Hundred Sixty-one ——— 84/100 Dollars.

No. 1. PRESTON, BROWN, & BACON.

BOSTON, MASS., Jan. 2, 1899.

FIRST NATIONAL BANK

Pay to the order of HOLMAN BROTHERS, $75.65

Seventy-five ——— 65/100 Dollars.

No. 2. PRESTON, BROWN, & BACON.

The % with the bank may be kept as above; but most business men prefer to keep it on the back of the stub of the check in the following manner:

BANK ACC'T.

Jan.	2	Deposited	12000	00
"	"	Check number 1	9461	84
			2538	16
"	5	Deposit	1000	00
			3538	16
"	"	Check number 2	75	65
			3462	51
"	"	" " 3	63	19
			3399	32
"	16	Deposited	375	00
			3774	32
"	"	Check number 4	118	88
			3655	44
"	25	" " 5	36	91
			3618	53
"	"	" " 6	322	92
			3295	61
"	30	Deposited	1000	00
			4295	61
"	"	Check #7	44	83
			4250	78
"	"	" 8	87	50
			4163	28

PASS-BOOK.

PRESTON, BROWN, & BACON, IN % WITH FIRST NATIONAL BANK.

1899				1899			
Jan. 2	James Riggs, Ch. #1	9461	84	Jan. 2	Cash	12000	00
11	Holman & Sons, " 2	75	65	5	"	1000	00
	Sanborn & Rice, " 3	63	19	16	"	375	00
16	Winthrop Bros., " 4	118	88	30	"	1000	00
25	Bateman & Co., " 5	36	91				
	Western Milling Co., Ch. #6	322	92				
30	N. Y. Paper Co., " 7	44	83				
	Bearer, " 8	87	50				
	Balance	4163	28				
		14375	00			14375	00
				Feb. 1	Balance	4163	28

If all the checks *issued* have been *paid*, the balance of the *pass-book* will equal the balance in the *check-book*.

The above % is supposed to have been balanced after all the checks had been paid.

When the pass-book is returned, it should always be compared with the check-book, to see if any mistake has been made.

INVOICE REGISTER.

WHEN PAYABLE.

No.	Payees.	Date.	Amt.	Terms.	Jan.	Feb.	Mar.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Dis.	Cash.	Total.	Paid.
1	Holman & Sons	Jan. 2	76 41	30 ds. $^1/_{10}$	11												76	75 65	76 41	Jan. 11
2	Sanborn & Rice	" 2	63 83	30 ds. $^1/_{10}$	11												64	63 19	63 83	Jan. 11
3	Winthrop Bros.	" 5	126 47	60 ds. $^5/_{30}$, $^6/_{10}$	16												7 59	118 88	126 47	Jan. 16
4	N. Y. Paper Co.	" 11	47 19	4 mo. from Mar. 1, 1% per mo.	30												2 36	44 83	47 19	Jan. 30
5	Boston Hardware Co.	" 11	118 36	30 ds. net.		10														
6	Bateman & Co.	" 16	37 28	30 ds. $^1/_{10}$	25												37	36 91	37 28	Jan. 25
7	W. Milling Co.	" 16	326 18	30 ds. $^1/_{10}$	25												3 26	322 92	326 18	Jan. 25
8	Holman & Sons	" 25	51 12	30 ds. $^1/_{10}$		4														
9	Winthrop Bros.	" 25	38 19	$^5/_{30}$, $^6/_{10}$		4														
10	Holman & Sons	" 30	21 68	$^1/_{10}$		9														

$^1/_{10}$ signifies that 1% may be deducted if paid in ten days.
$^5/_{30}$ signifies that 5% may be deducted if paid in thirty days.

Statement of Assets and Liabilities.

RESOURCES.				
Cash as per cash-book	5183	39		
Fixtures, teams, &c., at cost	1461	84		
Mdse., estimated value	8700	00		
Debit accts. per ledger	120	89		
Total assets at closing			15466	12
DEBTS.				
Credit accts. per ledger			229	35
Net capital at closing			15236	77
Net capital at commencing			15000	00
Total net gain			236	77
Each partner's net gain			78	92½
Each partner's net capital			5078	92½

THREE LEDGERS.

The following example is a continuation of the last, with the same partners and the same assets and liabilities. But the learner will make use of the three ledgers, instead of one.

I. *The Private Ledger*, which is a standard ledger, is used only for accts. with the partners.

II. *The Credit Ledger*, which is also a standard ledger, is used only for accts. of mdse. bought on %.

III. *The Sales Ledger* is for accts. of mdse. sold on %.

It is ruled like common journal paper, with date columns, a description column, and two sets of money columns, — the first set for items, the second for balancing the %, which should be done whenever a cash payment is made. The form will be readily understood from the % posted and closed in another place. The memoranda should be written out in the order of the dates.

EXAMPLE XIV.

This is a continuation of the last example.

MEMORANDA.

Feb. 1. From order-books. Peter Clark, 2 germ meal @ 15¢; 3 rolled avena @ 12½¢; 3 pettijohn @ 10¢; 3 quaker oats @ 10¢. *Noah Crockett*, 5 oil @ 12½¢; 3 burners @ 15¢; bird's food, 10¢; gelatine, 12¢; mucilage, 10¢.

Leander Snow, 20 lbs. sugar @ 5¢; 5 molasses @ 40¢; 1 vinegar, 20¢; salt, 50¢; oysters, 40¢.

Arthur L. White, 1 bbl. ex. flour, $5.25; 1 bbl. patent-flour, $5.75; 5 bush. potatoes @ 60¢; 2 beets @ 75¢; 50 lbs. cabbage @ 2¢. Cr. by cash to bal. old %, $3.38.

From the charge slips. Newton Moore, 1 bbl. corn meal, $1.75; 50 lbs. lard @ 8¢; 1 bbl. turnips, 90¢; 2 bush. beans @ $1.25; 9 doz. eggs @ 28¢. Cr. by cash to bal. old %, $10.29.

Kingman Terry, ¼ cream tartar, 9¢; ¼ cassia, 6¢; box sage, 10¢. Cr. by cash, $7.83.

From the credit slips. Bateman & Co., $147.13, 2 off 10, 1 off 30. *Wilson, Larrabee, & Co.*, $69.42, 6/10.

From paid-out slip. Paid for coal, $10.41.

Cash from register, $108.67.

It will be remembered that cash recd. on %, by the outside salesmen, is placed in the cash-register, and goes to the cash-book in the cash sales at night.

Feb. 4. From order-books. Jacob Earle, 3 cans corn, 25¢; 3 beans, 25¢; 3 squash, 25¢; 3 tomatoes, 25¢. Cr. by cash, $4.67.

Benson Baker, boots, $2.87; cap, 75¢; necktie, 37¢; mittens, 50¢; overalls, 70¢. Cr. cash, $3.03.

From charge slips. Robert Kendall, pr. lumberman's overs., $1.75; pr. socks, 90¢; gloves, $1.25. *Loring Strong*, 2 prs. hinges @ 18¢; 6 lbs. nails @ 4¢; 10 glass @ 8¢; 2 putty @ 4¢; glue, 10¢. Cr. by cash, $10. *Nathan Bird*, 2 bbls. cement @ $1.60; 3 casks lime @ $1.10; trowel, 60¢. Cr. by cash, $1.16.

From credit slip. Winthrop Bros., bill mdse., $13.71, 6/10.

From paid-out slips. Paid *Holman & Sons*, per check, $51.12 — .51 = $50.61. Paid *Winthrop Bros.*, per check, $38.19 — 2.29 = $35.90. Paid freight, $8.75, per check. Paid express, 75¢.

Cash sales per register, $74.19.

Feb. 9. From order-books. Byron Windham, bbl. apples, $1.25; bbl. potatoes, $1.75; bush. beets, 60¢; ¼ onions, 25¢; cabbage, 15¢. Cr. by cash, $12.50. *Chester Lane*, wood saw, 75¢; file, 15¢. Cr. by cash, $10.00. *Mrs. Mary Colby*, flour, $5.50; 10 granulated meal @ 3¢; 10 rolled avena @ 5¢; 10 rye meal @ 3¢. Cr. by cash to bal. Jan. %, $7.66. *S. P. Rogers*, pr. arctics, $1.75; rubber boots, $2.75; storm coat, $2.87. Cr. by cash, $5.00.

From charge slips. Miles Jacobs, snow shovel, 50¢; pail, 35¢; cattle card, 10¢; horse brush, 60¢; horse blanket, $2.25; whip, 75¢.

From credit slip. *Wilson, Larrabee, & Co.*, bill mdse., $27.57, 6/10.

From paid-out slips. Paid *Holman & Sons*, $21.68 — .22 = $21.46. Paid *Boston Hardware Co.*, $118.36. Paid *Bateman & Co.*, $147.13 — 2.94 = $144.19. Paid *Wilson, Larrabee, & Co.*, $69.42 — 4.17 = $65.25.

(The above bills were all paid per check from the counted money.) Paid cash for petty expenses, $2.89.

Cash from register, $162.21.

Feb. 14. *From order-books.* *Byron Windham*, 4 white shirts @ $1.25; 6 collars @ 15¢; 2 prs. cuffs @ 20¢. *Nathan Bird*, 5 quires paper @ 8¢; 4 bunches envelopes @ 7¢; box pens, 75¢. Cr. by cash, $4.46. *Loring Strong*, citron, 36¢; olives, 42¢; corn starch, 10¢; yeast cake, 2¢. *Chester Lane*, 10 lbs. corned beef @ 7¢; 12 lbs. pork @ 10¢; can tongue, 42¢.

From credit slips. Bill mdse. from *Boston Hardware Co.*, $61.12. Net 30 days.

From paid-out slips. Paid *Winthrop Brothers*, per check, $13.71 — .82 = $12.89. Paid freight, $4.21.

Cash per register, $87.50.

Feb. 19. *From order-books.* *Mrs. Mary Colby*, 3 yds. ribbon @ 20¢; 2 yds. elastic web @ 8¢; 4 yds. elastic cord @ 3¢; 3 braid @ 5¢; 4 thread @ 4¢; 2 silk @ 8¢; needles, 5¢; pr. scissors, 45¢. Cr. by cash, $5.00.

Chester Lane, 20 lbs. lard @ 8¢; 3 ivorine @ 10¢; 5 bread mixture @ 5¢; 6 cans beef @ 20¢; mince meat, 15¢; jelly, 35¢.

From charge slips. *Robert Kendall*, box crackers, 25¢; 5 lbs. cheese @ 15¢; 8 lbs. rice @ 7¢; 2 lbs. sago @ 9¢; 3 lbs. tapioca @ 10¢; 4 corn starch @ 10¢. Credit by cash, $8.50.

Newton Moore, 5 bags meal @ 80¢; 5 bags corn @ 84¢; 10 bush. oats @ 35¢; 4 sacks bran @ 85¢; 5 sacks middlings @ 95¢; 5 sacks mixed feed @ 90¢. Cr. by cash, $30.00.

Kingman Terry, 4 cans potash @ 10¢; ammonia, 20¢; shoe blacking, 12¢; French dressing, 15¢.

From credit slips. *Bateman & Co.*, bill mdse., $67.54, 1/30.

From paid-out slips. Paid *Wilson, Larrabee, & Co.*, $27.57 — 1.65 = $25.92, per check. Paid insurance, $40.00, per check. Paid petty expenses, $2.70.

Cash per cash-register, $81.11.

Deposited in bank, $400.

Feb. 24. *From order-books.* *Nathan Bird*, 31 yds. bleached cotton @ 11¢; 42 yds. brown cotton @ 9¢; 12 yds. cambric @ 6¢;

10 yds. muslin @ 12¢; 8 thread @ 4¢; 3 doz. buttons @ 12¢. Cr. by cash, $5.75. *Byron Windham*, 20 lbs. lard @ 10¢; 10 lbs. butter @ 25¢; 7 lbs. chicken @ 15¢; 6 lbs. corned beef @ 9¢; 2 cans tongue @ 42¢. Cr. by cash, $8.00.

S. P. Rogers, pr. boots, $3.50; 3 lbs. coffee @ 40¢; 4 doz. eggs @ 27¢; 10 lbs. rolled oats @ 5¢; 5 doz. clothes-pins @ 4¢; 2 shovels @ 50¢; 1 doz. oranges, 25¢; 2 lbs. prunes @ 12¢. *Jacob Earle*, 1 hammer, 62¢; 2 chisels @ 38¢; 16 lbs. nails @ 4¢; 6 locks @ 25¢; 3 lamp chimneys @ 10¢; 2 lantern globes @ 12¢; 2 hand lamps @ 45¢. Cr. by cash, $3.50.

From charge slips. Benson Baker, bbl. flour, $5.75; 3 gals. oil @ 12¢; 8 lbs. codfish @ 9¢: 10 lbs. mackerel @ 12¢; 3 lbs. soda @ 7¢; ½ cream tartar, 18¢; yeast cake, 2¢. Cr. by cash, $7.50.

Leander Snow, 5 sacks mixed feed @ 95¢; 5 sacks middlings @ $1.05; 2 bushels salt @ 50¢; 1 rat-trap, 65¢. Cr. by cash, $10.00.

Arthur L. White, 1 pr. skates, 65¢; 3 lbs. raisins @ 12¢; 6 bolts @ 3¢; bag salt, 25¢; ¼ varnish, 75¢; ⅛ matches, 10¢; 3 cans salmon @ 25¢; 1 macaroni, 13¢.

From paid-out slips. Paid for mdse. per check, $42.73. Paid express, .63.

Cash per register, $63.18.

Feb. 27. From order-books. Peter Clark, 10 lbs. pickles @ 7¢; 2 ex. lemon @ 20¢; 3 ex. vanilla @ 30¢; 2 ink @ 5¢; broom, 30¢; sieve, 37¢; dipper, 15¢; chimney, 10¢; burner, 15¢; yeast cake, 2¢. Cr. by cash, $5.50.

Noah Crockett, 1 pr. overalls, 75¢; 2 prs. socks @ 50¢; 1 pr. suspenders, 35¢; 2 ties @ 25¢; 4 collars @ 15¢; knife, 75¢; brush, 30¢. Cr. by cash, $11.50.

From charge slips. John Trask, bbl. flour, $5.50; bag meal, 80¢; bush. potatoes, 60¢; pail lard, 55¢; 2 gals. molasses @ 40¢; 4 butter @ 25¢; 10 rolled oats @ 5¢; 10 graham @ 4¢; ¼ cream tartar, 9¢; ¼ pepper, 6¢; 2 soda @ 7¢; 3 rice @ 8¢; 2 raisins @ 12¢; 3 crackers @ 8¢; 10 lbs. beans @ 3¢; 8 pork @ 9¢; yeast cake, 2¢. Cr. by cash, $6.00.

Byron Windham, 1 bbl. flour, $5.75; 2 gals. molasses @ 50¢; 10 rolled oats @ 5¢; box cocoa, 25¢.

From paid-out slips. Paid expenses, as per expense book, $62.50.

Cash from register, $141.18.

Deposited in bank all the cash on hand.

Mdse. on hand (estimated), $8650.

SALES LEDGER.

BYRON WINDHAM.

1899						
Feb.	1	Balance from last month			13	30
"	9	Bbl. apples	1	25		
		" potatoes	1	75		
		Bushel beets		60		
		¼ onions		25		
		Cabbage		15	4	00
					17	30
		Cr. by cash			12	50
		Balance due			4	80
"	14	4 white shirts @ $1.25	5	00		
		6 collars @ .15		90		
		2 prs. cuffs @ .20		40	6	30
"	24	20 lbs. lard @ .10	2	00		
		10 " butter @ .25	2	50		
		7 " chicken @ .15	1	05		
		6 " corned beef @ 9¢		54		
		2 cans tongue @ 42¢		84	6	93
					18	03
		Cr. by cash			8	00
		Balance due			10	03
"	27	1 bbl. flour	5	75		
		2 gals. molasses @ 50¢	1	00		
		10 lbs. rolled oats @ 5¢		50		
		1 box cocoa		25	7	50
Mar.	1	Balance due from Feb.			17	53

The learner will carefully post and close all the other accts. for the sales ledger, using the above % as a model.

The accts. for the stock and credit ledgers are to be posted and closed as in the preceding example.

The cash-book, the check-book, the pass-book, and invoice register will also be written out in full.

Cash on hand	$5251.28
Mdse. on hand at closing, estimated value	8650.00
Fixtures, teams, &c., at cost	1461.84
Net gain of each partner	46.35
Net capital of each partner	5125.28

Questions for Review.

Formerly, what was the method of doing a retail business? What changes have taken place? What was then considered the book of original record? Now what are sometimes used instead? How many kinds of salesmen? What are the duties of an outside salesman? Of an inside salesman? Where are the transactions carried from the order-books?

What is a cash-register? What records are made by it? How many kinds of slips? What is the color of each? What is written on the charge slips? What on the credit slips? What on the paid-out slips? When the register is closed, where is the cash entered? What is done with the three kinds of slips?

In the example for Jan., how many ledgers are used? In Feb., how many? What is the private ledger? The sales ledger? The credit ledger?

What is a check? Who is the drawer? Who is the drawee? Who the payee? Where does the dealer keep his % with the bank? Who writes the record in the pass-book? When should it be balanced? When is a check usually paid? What distinction should be made between money in the bank and money on hand? What are checks always considered?

What is said of the invoice register? Is the ledger used when we have an invoice register? How are the invoices and payments carried through the cash-register to the credit ledger?

WHOLESALE BUSINESS.

Most wholesale dealers keep their accts. according to the double entry method, but as some prefer single entry, even for wholesale business, we give below what we consider the best forms for such work.

Inventory-Book.

As a form for an inventory book has already been given, and need not be repeated, the amount of mdse. at commencing and closing will be estimated, and not itemized.

Purchase-Book.

Some book-keepers simply transfer the several amounts of purchases from the original invoices; others paste the invoices into a skeleton-book, which they refer to by the dates; while some prefer

to copy every invoice into a book called a purchase-book. This method involves more work, but insures greater accuracy.

Whatever method may be considered best in actual business, there can be no doubt that the learner should become familiar with the form and use of the purchase-book.

Purchases on % should be *posted* to the credit side of the purchase-ledger; purchases for cash should be carried to the sundries column of the credit side of the cash-book; purchases for notes should be carried to the bills-payable book. The form of the purchase-book will be readily understood from the sample given in the next example, without further explanation.

Sales-Book.

The sales-book is a book in which a record is kept of mdse. *sold.*

Mdse. sold on % should be *posted* to the debit side of the sales ledger; mdse. sold for cash should be carried to the sundries columns of the debit side of the cash-book; mdse. sold for notes should be carried to the bills-receivable book.

Sales from wholesale houses are now largely made by travelling salesmen who go from place to place taking orders. These are sent in by mail or telegraph. The goods are packed and forwarded, and the orders are copied into the sales-book by the book-keeper, together with the home orders for the day.

The form of the sales-book will be easily understood without further description.

Day-Book.

The day-book is used to record the investments of the partners and such other transactions as cannot be conveniently recorded in the purchase-book, the sales-book, or the cash-book.

Some book-keepers use no day-book in this form, posting all debits and credits from the auxiliary books, but we prefer to use the day-book for certain transactions.

In the next example we give the form which is sometimes used, with two sets of money columns, one for debits and the other for credits. In this form there is less liability of mistake in posting.

Ledgers.

As in the last example, three ledgers are used, — the private ledger, the sales ledger, and the purchase ledger. These may be all of the standard form, or may be modified, as was the sales ledger in the last example.

Cash-Book.

The cash-book in this case, like every other, is for a record of receipts and payments of cash. But in this form, the debits and credits resulting from cash transactions are not entered in the day-book, but are posted directly from the cash-book.

But in single entry, as only transactions resulting in *personal debits* and *credits* are *posted* to the *ledger*, and as *all* cash *received* and *paid* must be entered in the *cash-book*, it is evident that only a *part* of the items of the cash-book should be *posted*. Hence, in order to avoid mistakes, these two kinds of items — those *to be posted*, and those *not to be posted* — are *separated*. Hence, the need of *two* sets of money columns for cash *received*, and *two* for cash *paid*.

The result is, that, in this form, where the items are posted from the books of original entry, two pages are used for the % in the cash-book: the left-hand page for receipts, the right for payments; the first set of money columns on each page for *personal accts. to be posted*, the *second set* for *sundries not to be posted*.

But it should be noticed that when cash is *received* from a person *on %*, he should be *credited*. Hence, personal accts. on the *debit* side — left-hand page — of the cash-book should be posted to the *credit* side of the *ledger;* and the first set of money columns of the left-hand page of the cash-book should be for personal *credits*.

So when cash is *paid* to a person *on %*, he should be *debited*. Hence, personal accts. on the *credit* side of a cash-book should be *debited*, and the first set of money columns should be for personal *debits*.

When discount is made for cash payments of an invoice, the record should be made as though the *whole amount* had been *recd.* or *paid*, and the *discount* had been *paid back*. In this case, the whole amount of the invoice should be written in the *first* set of columns, and the *discount* in the *sundries* columns of the opposite page.

Directions for Making Entries.

1. Investments of the proprietor, or partners, should be recorded in the day-book, and posted to the stock ledger.

2. Mdse. bought for cash should be recorded in the invoice-book, and carried to the sundries column of the credit side of the cash-book.

3. Mdse. bought for a note should be recorded in the invoice-book, and carried to the bills-payable book.

4. Mdse. bought on % should be recorded in the invoice-book, and posted to the credit side of the purchase ledger.

5. Mdse. sold for cash should be recorded in the sales-book, and carried to the sundries column of the debit side of the cash-book.

6. Mdse. sold for note should be recorded in the sales-book, and carried to the bills-receivable book.

7. Mdse. sold on % should be recorded in the sales-book, and posted to the debit side of the sales ledger.

8. Cash received, or paid on %, should be recorded in the cash-book, and posted to the sales or purchase ledger.

9. Notes recd., or issued on %, should be recorded in the day-book, and posted to the proper ledger.

EXAMPLE XV.

Wholesale Business.

Purchase-Book, Sales-Book, Day-Book, Private Ledger, Purchase Ledger, Sales Ledger, Cash-Book, Bill-Book, Invoice Register.

A. B. Meservey and —— —— —— (student's name) form a partnership under the firm title of A. B. Meservey & Co., to engage in the wholesale boot and shoe business. Each partner is to receive interest on his investment, at 5%, and then the net gains and losses are to be shared equally.

Memoranda.

Feb. 1. A. B. Meservey invests mdse. valued at $4583.20; a note in his favor, signed by John P. Wilson, dated Nov. 2, 1898, payable three months from date, for $100; a note signed by Taylor & Snow, dated Dec. 7, 1898, at two months, for $125; a note, signed by William P. Howard, dated Jan. 10, 1899, at one month, for $106.18; an % against Samuel G. Wells for $125; an % against Arthur Lane & Co., for $150; an % against M. H. Colby & Co., for $76.83; cash, $1127.38.

The firm agrees to pay for A. B. Meservey the following debts when they become due, viz.: a note favor of Whitman & Keith, dated Nov. 4, 1898, at three months, for $100; a note favor of A. F. Smith, dated Dec. 12, 1898, at two months, for $100; an % favor

of Bay State Rubber Co. for $93.59; an % favor of Brockton Shoe Co. for $56.45; an % favor of Boston Rubber Co. for $43.55.

Student invests cash, $4000.

Paid cash for books and stationery, $12.50.

Bought of Winch Brothers, 60 prs. ladies' vici kid button, opera toe @ $2.00.

60 prs. ladies' vici kid, polish, narrow opera toe @ $2.00.

60 " bright dongola button, Goodyear welt @ $1.60.

60 " " " " London toe @ $1.60.

Terms, net 60 days, 2 off 10, 1 off 30.

February 2.

Paid Bay State Rubber Co. cash to bal., $93.59.

Sold Laurence Bell:

12 prs. men's patent calf bal. razor toe @ $3.25.

12 " enamel bal. Newark toe @ $2.75.

12 " Russia calf bal. tan color @ $2.50.

Net 30 days, 1 off 10.

Recd. of Samuel G. Wells, cash to bal. %, dis. 1%.

Sold Weld & Mason, net 30, 1 off 10:

12 prs. misses' calf button @ $1.00.

24 " " grain button @ $0.85.

12 " " glove, grain button, Fargo tip @ $0.75.

12 " " grain button, spring heel @ $0.70.

6 " " dongola polish, needle toe @ $1.10.

February 3.

Paid A. B. Meservey cash on private %, $5.75.

Recd. cash to bal. M. H. Colby's %, $76.83, less dis. 1%.

February 4.

Recd. cash for John P. Wilson's note, $100.

Bought of Bay State Rubber Co., net 30 days:

24 prs. men's D. F. rubber boots @ $2.11.

12 " " pebble leg D. F. boots @ $2.11.

36 " " sandals @ $0.49.

36 " women's " @ $0.32.

36 " misses' " @ $0.25.

36 " children's " @ $0.21.

Paid student partner, cash on private %, $10.50.

February 6.

Paid our note favor of Whitman & Keith, $100.
Sold Tilton & Wilder for cash:
12 prs. men's calf congress, French toe @ $2.00.
12 " " buff bls. globe cap toe @ $1.50.
6 " " tan goat Oxfords @ $1.75.
Paid Boston Rubber Co. cash to bal., $43.55.

February 8.

Bought of Rounds & Co. for cash:
24 prs. ladies' vici kid boots @ $2.00.
24 " " vici kid lace boots @ $2.00.
12 " " Oxford ties @ $1.50.
Paid meat bill for A. B. Meservey, $7.50.

February 9.

Paid Brockton Shoe Co. cash to bal., after deducting 1% dis.
Bought of Boston Rubber Co., 30 ds. net:
60 prs. women's storm slippers @ 44¢.
60 " " Alaskas @ 80¢.
24 " hub arctics @ $1.00.
Paid for petty expenses, $4.62.
Paid grocery bill for student on his private %, $10.41.

February 10.

Recd. cash for Taylor & Snow's note, $125.

February 11.

Paid Winch Brothers cash to bal. %, $432 — dis. 2 %.
Arthur Lane & Co. have paid cash to bal. %, less 1 %.
Sold Bingham & Cate for note @ 10 days:
12 prs. ladies' kid Oxford ties @ $1.75.
8 " " dongola Oxfords, opera ties @ $1.00.
6 " " goat " " " @ $0.80.
24 " " pebble grain slippers @ $0.55.
18 " " carpet slippers @ $0.42.

February 13.

Recd. cash of Weld & Mason to bal. %, less 1 % dis. Recd. cash of Laurence Bell to bal. %, less 1 %.

Sold Arthur Lane & Co., at 30 ds. 1/10.

12 prs. men's vici kid bal. bicycle shoes @ $2.50.
12 " " kangaroo " " " @ $2.25.
6 " Russia calf bal. bicycle shoes @ $2.40.

Sold M. H. Colby & Co., 1/10.

3 prs. men's Russia calf bowling shoes @ $1.90.
9 " " French " " " @ $1.75.
6 " " black canvas gymnasium shoes @ $1.10.

February 14.

Recd. cash for W. P. Howard's note, $106.18.

Bought of Rochester Shoe Co., 2 off 10:

60 prs. men's mottled canvas bals. @ 80¢.
60 " " kangaroo calf bicycle @ $1.50.
60 " boys' russet grain Oxford ties @ $1.15.

February 15.

Paid A. B. Meservey cash on private %, $10.

Paid note favor of A. F. Smith, $100.

Sold Samuel G. Wells, 1 off 10:

24 prs. ladies' dongola Oxford ties @ 80¢.
36 " " dark russet goat ties @ 60¢.
24 " " glove calf slippers @ 75¢.

February 16.

Paid for petty expenses, $4.87.

Bought of Winch Brothers, 2 off 10:

60 prs. ladies' glove calf Newport slippers @ 75¢.
60 " " dongola, hand sewed " @ 40¢.
12 " youths' black canvas, gymnasium shoes @ 90¢.

Bought of Boston Rubber Co., net 30 days:

24 prs. men's rubber boots @ $2.50.
24 " boys' " " @ $2.00.
12 " youths' " " @ $1.40.
18 " women's " " @ $1.35.
24 " misses' " " @ $1.20.
36 " children's " " @ $1.00.

February 18.

Sold Weld & Mason, 2 off 10:
24 prs. men's grain brogans @ $1.35.
24 " " buff bals. @ $1.40.
36 " ladies' pebble grain @ $1.25.
6 " children's tan goat @ $1.20.
Paid student cash on private %, $14.50.

February 20.

Bought of Rochester Shoe Co.:
72 prs. children's dongola button boots @ $1.00.
24 " " oil grain " " @ $0.80.
12 " " dongola button spring heel boots @ $1.00.
12 " " pebble goat spring heel boots @ $0.80.
12 " " " " heeled boots @ $0.80.
Note at 30 days net.
Paid cash for gas bill for A. B. Meservey and charged to his private %, $6.25.
Bingham & Cate have paid their note, $54.56.

February 21.

Recd. cash of Arthur Lane & Co. to bal. %, $71.40 — 1 off.
Recd. of M. H. Colby to balance %, $28.05 — dis. 1 %.
Sold Levi Clough for cash:
12 prs. kangaroo kid bicycle shoes @ $1.25.
12 " Russia calf " " @ $2.00.
6 " vici kid bicycle shoes @ $2.25.

February 23.

Paid for store expenses, $2.91. Paid Rochester Shoe Co. to bal. %, $207. — dis. 2 %.
Bought of Brockton Shoe Co., 4 mos. $^{2}/_{30}$:
60 prs. ladies' serge button shoes @ $1.00.
60 " " " congress shoes @ $0.80.
60 " " plain serge bal. shoes @ $0.75.

February 24.

Recd. cash of Samuel G. Wells to bal. %, $58.80, less dis. off 1 %. Paid A. B. M. on private %, $10.

Sold Weld & Mason, net 30 days:
18 prs. children's russet goat button shoes @ 60¢.
24 " " kid button spring heel shoes @ 75¢.
12 " " russet kid button, no heel shoes @ 65¢.

February 25.

Paid Winch Brothers to bal. %, $79.80, 2 % off.
Sold Frank P. Morgan for cash:
6 prs. men's dongola Harvard slippers @ $1.00.
12 " " Russia calf Yankee slippers @ $1.40.
24 " ladies' serge buskins @ $0.75.

February 27.

Recd. of Weld & Mason on % to bal. bill of Feb. 18, $118.20, less dis. off 1 %.

Paid for clerk-hire and other expenses, $79.28.

Credited A. B. Meservey for interest. on his net investment, $6000, for one month, at 5 %, $25.00 (day-book).

Credited student for interest on his net investment, $16.67.

DAY-BOOK.

				Dr.		Cr.	
1899							
Feb. 1	√	A. B. Meservey,				5266	21
		For the following investment					
		Merchandise, valued at	$4583.20				
		Bills receivable, per bill-book	331.18				
	√	Samuel G. Wells owes on ℅	125.00	125	00		
	√	Arthur Lane & Co. owe on ℅	150.00	150	00		
	√	M. H. Colby & Co. owe on ℅	76.83	76	83		
	√	A. B. Meservey,		393	59		
		For debts assumed					
		Bills payable, per bill-book	$200.00				
	√	Bay State Rubber Co. on ℅	93.59			93	59
	√	Brockton Shoe Co. on ℅	56.45			56	45
	√	Boston Rubber Co. on ℅	43.55			43	55
" 27	√	A. B. Meservey, interest on his net investment				25	00
	√	Student, interest on his net investment				16	67
		Total footing for proof-sheet		745	42	5501	47
	√	A. B. Meservey, debit for ½ net loss		291	17		
	√	Student, debit for ½ net loss		291	17		
		Total footing		1327	76	5501	47

√ The check marks are to indicate the places where the pages of the ledger should be written.

A. B. Meservey should be credited for what he invests, and debited for what the firm assumes to pay for him. But the *cash* which he invests is credited to him in the cash-book. So also the other partner, as he invests *only* cash, is credited only in the *cash-book*, for his investment.

As Samuel G. Wells and two other parties owed A. B. Meservey on %, in a former business, and as they are now to make payments to the firm, they should be debited in the books of the firm. This can be done more readily by having a set of money columns for debits, and another set for credits, as above.

So of the debts, A. B. Meservey owed the three parties on %, in his former business, and so they are credited in the books of the firm.

For like reasons, the *notes* should be transferred to the *bill-books* of the firm. The interest on each partner's net capital should be credited in the day-book before the proof-sheet is made.

The net losses should be debited after the statement of resources and liabilities is made.

PURCHASE-BOOK.

1899						Cred its.	
Feb. 1	Page of Ledger.	Bought of WINCH BROS., Boston.					
		60 prs. ladies' vici kid button boots	@	$2.00	120 00		
		60 " " " " polish "	@	2.00	120 00		
		60 " " bright dongola "	@	1.60	96 00		
		60 " " dongola button "	@	1.60	96 00	432	00
		Net 60 days, 1/30, 2/10					
" 4	Page of Ledger.	Bought of BAY STATE RUBBER Co.					
		24 prs. men's D. F. rubber boots	@	$2.11	50 64		
		12 " " pebble leg D. F. boots	@	2.11	25 32		
		36 " " sandals	@	.49	17 64		
		36 " women's sandals	@	.32	11 52		
		36 " misses' sandals	@	.25	9 00		
		36 " children's sandals	@	.21	7 56	121	68
		Net 30 days					
" 8	Cash Book.	Bought of ROUNDS & Co., Lynn.					
		24 prs. vici kid button boots	@	$2.00	$48.00		
		24 " " " lace boots	@	2.00	48.00		
		12 " " Oxford ties	@	1.50	18.00	114	00
		Net cash recd.					

The above is given as a sample of the purchase-book, which the learner will complete from the memoranda.

The first set of money columns is for short extensions, the second for items to be posted to the purchase-ledger.

As the first two of the above invoices are on %, the total is carried to the second set. As the third is for cash the amount is short extended, so that it may not be posted by mistake.

It should also be remarked that mdse. purchased for notes should be only short extended.

SALES-BOOK.

1899							Deb	its.
Feb. 2		Sold LAURENCE BELL, Milford.						
		12 prs. men's patent calf boots	@	$3.25	39	00		
		12 " " enamel bal. Newport toe	@	2.75	33	00		
		12 " " Russia calf bal.	@	2.50	30	00	102	00
		Net 30 days, 1 off 10						
		Sold WELD & MASON, Greenfield.						
		12 prs. misses' calf button boots	@	$1.00	12	00		
		24 " " grain button boots	@	.85	20	40		
		12 " " glove grain button boots	@	.75	9	00		
		12 " " grain button spring heel	@	.70	8	40		
		6 " " dongola polish	@	1.10	6	60	56	40
		Net 30 days, 1 off 10						
" 6		Sold TILTON & WILDER, Salem.						
		12 prs. men's calf congress	@	$2.00	$24.00			
		12 " " buff bals.	@	1.50	18.00			
		6 " " tan goat Oxfords	@	1.75	10.50	52	50	
		Net cash.						

The first two amounts are full extended into the second set of columns, because they are to be posted to the sales ledger. The third is only short extended, because it is not to be posted, but is to be carried to the sundries column of the cash-book.

The learner will complete the sales-book from the memoranda.

CASH RECEIVED.

1899	Pages of the Ledgers.			*Personal accts.*		*Sundries.*	
Feb. 1		A. B. Meservey	Cr. by investment	1127	38		
		Student	" "	4000	00		
2		Samuel G. Wells	" recd. to bal. %	125	00		
3		M. H. Colby & Co.	" " " "	76	83		
4			Recd. for J. P. Wilson's note			100	00
6			Recd. of Tilton & Wilder for mdse.			52	50
9			Dis. on Brockton Shoe Co.'s %				56
10			Recd. for Taylor & Snow's note			125	00
11			Dis. on Winch Bros. %			8	64
		Arthur Lane & Co.	Cr. to bal. %	150	00		
13		Weld & Mason	" "	56	40		
		Laurence Bell	" "	102	00		
14			Recd. for W. P. Howard's note			106	18
20			Recd. for Bingham & Cate's note			54	56
22		Arthur Lane & Co.	Cr. recd. to bal. %	71	40		
		M. H. Colby & Co.	" " " " "	28	05		
			Recd. of Levi Clough for mdse.			52	50
23			Dis. on Rochester Shoe Co.'s acc't.			4	14
24		Samuel G. Wells	Cr. to bal. %	58	80		
25			Dis. on Winch Bros. %			1	60
			Recd. of F. P. Morgan for mdse.			40	80
27		Weld & Mason	Cr. to bal. %	118	20		
			Total Credits	5914	06	5914	06
						6460	54
Mar. 1			Balance			5047	20

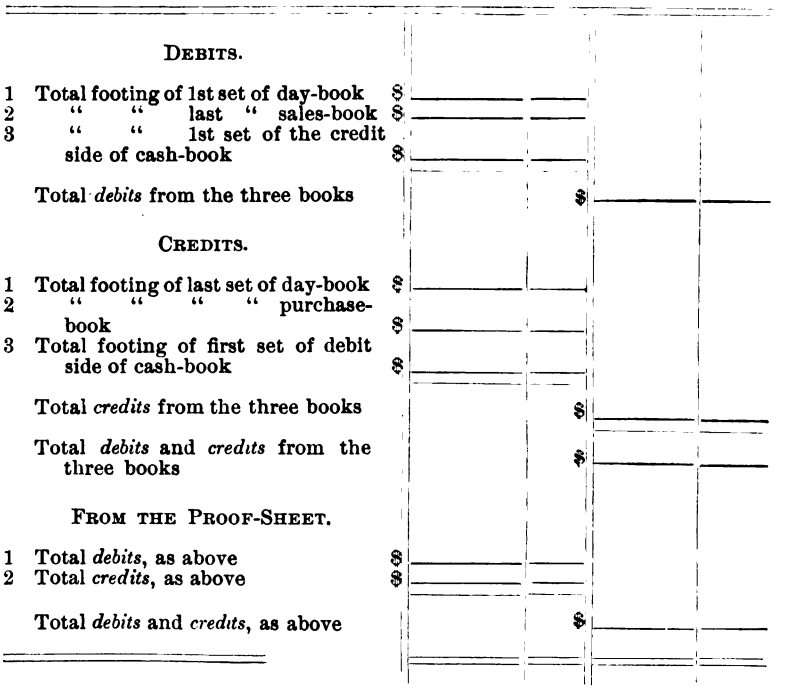
Cash Paid.

1899				*Personal accts.*		*Sundries.*	
Feb. 1			Pd. for books and stationery			12	50
2		Bay State Rubber Co.	Dr. pd. to bal. %	93	59		
			Dis. on S. G. Wells' %			1	25
3		A. B. Meservey	Dr. pd. cash on private %	5	75		
			Dis. on M. H. Colby & Co.'s %				77
4		Student	Dr. pd. on private %	10	50		
6			Pd. our note favor W. & K.			100	00
		Boston Rubber Co.	Dr. pd. to bal. %	43	55		
8			Pd. Rounds & Co. for mdse.			114	00
		A. B. Meservey	Dr. pd. on private %	7	50		
9		Brockton Shoe Co.	Dr. pd. to bal. %	56	45		
			Pd. for petty expenses			4	62
		Student	Dr. pd. for grocery bill	10	41		
11	Pages of the Ledgers.	Winch Bros.	Dr. pd. to bal. %.	432	00		
			Dis. on Arthur Lane & Co.'s %			1	50
13			Dis. on Weld & Mason's %				56
			Dis. on Laurence Bell's %			1	02
14		A. B. Meservey	Dr. to cash	10	00		
			Pd. note favor A. F. Smith			100	00
16			Pd. for petty expenses			4	87
18		Student	Pd. him cash	14	50		
20		A. B. Meservey	Dr. pd. gas bill	6	25		
22			Dis. on A. L. & Co.'s %				71
			Dis. on M. H. Colby & Co.'s %				28
23			Pd. for store expenses			2	91
		Rochester Shoe Co.	Dr. pd. to bal. %	207	00		
24			Dis. on S. G. Wells' %				59
		A. B. Meservey	Pd. on private %	10	00		
25		Winch Bros.	Dr. pd. to bal. %	79	80		
27			Dis. on Weld & Mason's %			1	18
			Pd. clerk's salary, &c.			79	28
			Total debits	987	30	987	30
			Balance on hand			5047	20
						6460	54

Proof-Sheet.

The proof-sheet should be composed of all the debits and all the credits from all the accts. of the three ledgers, which the learner will make out as soon as the work of posting is completed. The form is given below. The blanks should be filled from the books, as they have been written out.

In order to prove that the posting has been correctly done, we must add all the footings of all the columns from which items have been posted. There are three sets for debits, and three for credits.



Debits.

1 Total footing of 1st set of day-book $
2 " " last " sales-book $
3 " " 1st set of the credit side of cash-book $

Total *debits* from the three books $

Credits.

1 Total footing of last set of day-book $
2 " " " " purchase-book $
3 Total footing of first set of debit side of cash-book $

Total *credits* from the three books $

Total *debits* and *credits* from the three books $

From the Proof-Sheet.

1 Total *debits*, as above $
2 Total *credits*, as above $

Total *debits* and *credits*, as above $

Statement of Resources and Liabilities.

RESOURCES AT CLOSING.				
Cash, as per cash-book	5047	20		
Mdse., as estimated	5000	00		
Weld & Mason owe on %	36	60		
A. B. Meservey, private %	39	50		
Student, private %	35	41		
Total resources at closing			10158	71
DEBTS.				
Note from Rochester Shoe Co.	122	40		
Due Bay State Rubber Co. on %	121	68		
Due Brockton Shoe Co. on %	153	00		
Due Boston Rubber Co. on %	312	30		
Total debts			709	38
Net capital at closing			9449	33
A. B. Meservey's net cap. Feb. 1	6000	00		
Student's net cap. Feb. 1	4000	00		
Total net capital at commencing			10000	00
Deduct net capital at closing			9449	33
Net loss on net capital			550	67
Add A. B. Meservey's interest on net cap.	25	00		
Add student's interest on net capital	16	67		
Total interest on net capital			31	67
Total net loss			582	34
Each partner's net loss			291	17
A. B. Meservey's net cap. Feb. 1	6000	00		
" " interest	25	00		
	6025	00		
Deduct ½ net loss	291	17		
	5733	83		
Deduct amt. of private %	39	50		
A. B. Meservey's net cap. at closing			5694	33
Student's net cap. Feb. 1	4000	00		
Interest	16	67		
	4016	67		
Deduct ½ net loss	291	17		
	3725	50		
Deduct amt. of private %	35	41		
Student's net cap. at closing			3690	09

Questions for Review.

Why do most wholesale dealers prefer the double entry method of book-keeping? Why should a form be given for wholesale business in single entry? What is said of the inventory-book? What is a purchase-book? What are the three ways mentioned of disposing of invoices? How should purchases on % be disposed of in the books? Purchases for cash? Purchases for notes? What is said about the form of the purchase-book?

What is a sales-book? What record should be made when mdse. is sold on %? For cash? For note? What is said of travelling salesmen? What is said of the day-book of this form? How many sets of money columns? Why?

How many ledgers in this form? What are they? Their uses? Their form?

What is the use of the cash-book? How many pages for the % in the cash-book? How many sets of money columns on a page? For what is the first set? The second? Which are for items to be posted? What is said of discounts?

What are the nine rules for making entries?

What is partnership? How many partners in this example? What does the senior partner invest? Why is he credited for the three notes and three accts.? Why should the notes be recorded in the bill-book of the firm? Why should the parties who owed the senior partner on % be debited in the day-book of the firm? Why should the senior partner be debited for the two notes and the three accts. which he owed? Why should the two notes be entered in the bills-payable book of the firm? Why should the persons whom he owed on % be credited for the balance in the day-book of the firm?

What is the senior partner's net capital at commencing? How ascertained? Where should the investments of the partners be recorded?

How does the proof of the posting in this example differ from that of previous examples? Why does it differ?

How is the net capital at closing ascertained? How at commencing? How is the net gain found?

EXAMPLE XVI.

John A. Thorndike and David H. Brooks form a partnership under the firm title of Thorndike & Brooks, to receive interest on net capital invested, and then to share equally in gains and losses.

MEMORANDA.

March 1, 1899.

John A. Thorndike invests as follows: cash, $1147.32; mdse., $3651.60; a note, dated Nov. 4, 1898, payable by H. C. Crane, 4 months from date, for $78.62; a note, dated Dec. 5, 1898, payable by Charles T. Hall, 3 months from date, for $84.96; an % against Samuel G. Wade, for $138.83; an % against Pease & Blagdon, for $117.13; an % against Davis, Rice, & Co., for $92.34.

The firm assumes to pay for John A. Thorndike the following debts:

A note, favor of Daniel Everett, dated Jan. 9, 1899, payable 2 months from date, for $81.07; an %, favor of Whittemore & Keith, for $74.67; an % favor of F. A. Parker & Co., for $67.91; an %, favor of J. H. Durgin & Son, for $38.78; an %, favor of Day & Martin, for $48.37.

David H. Brooks invests cash, $4000.

The above accts. which were due to John A. Thorndike were for mdse. *sold* and will be subject to a *discount* of one % when paid. So *all* mdse. hereafter sold on % will be payable in 10 days, and will be subject to the same discount.

The amounts which he owed the four parties, on %, will be subject to a *dis.* of 2 % when paid. So also all the mdse. *bought* on %.

This general rule is adopted to simplify the work.

No dis. on notes.

March 2.

Bought of Woonsocket Rubber Co. on %:

12 prs. men's rubber boots @ $2.50.
12 prs. boys' " @ $2.00.
12 prs. youths' " @ $1.40.
12 prs. women's " @ $1.35.
12 prs. misses' " @ $1.00.
12 prs. children's " @ $0.95.

Paid cash for desk for office, $23.50.

Sold Davis, Rice, & Co. on %:

12 prs. men's sewed goat brogans @ $1.50.
24 prs. " pegged " " @ $1.40.
6 prs. " kip buckle " @ $1.30.

Paid cash for coal, $7.50.

Paid cash for stationery, $4.75.

March 3.

Sold Edwin C. Baker for cash:
24 prs. ladies' dongola opera boots @ $2.50.
12 prs. " " foxed boots @ $2.25.
18 prs. " serge congress boots @ $1.25.
6 prs. " glove grain slippers @ $0.60.
Samuel G. Wade has paid cash to balance %.

March 4.

Bought of National Rubber Co. on % :
60 prs. men's sandals @ 50¢.
48 prs. boys' " @ 35¢.
12 prs. youths' " @ 30¢.
36 prs. women's " @ 33¢.
18 prs. misses' " @ 25¢.
24 prs. children's " @ 20¢.
Paid cash for petty expenses, $3.14.

March 6.

Paid F. A. Parker & Co. cash to bal. %.
Sold Pease & Blagdon on % :
24 prs. men's imitation sandals @ 60¢.
24 prs. women's imitation sandals @ 40¢.
12 prs. children's imitation sandals 30¢.
Sold J. A. Thorndike on private % :
1 pr. patent calf bal. boots, $3.75.
1 pr. tan goat Oxford slippers, $1.50.
Paid cash for insurance on mdse., $30.00.
Paid Whittemore & Keith cash to bal. %.
Paid David H. Brooks cash on private %, $7.00.

March 7.

H. C. Crane has paid cash for his note.
Recd. cash of Pease & Blagdon on %, $117.13, less dis. 1 %.
Sold Samuel G. Wade on % :
12 prs. men's kip lace brogans @ $1.30.
9 prs. sewed buff bals. @ $1.75.
24 prs. ladies' pebble grain boots @ $1.35.
12 prs. children's dongola button @ $1.10.
18 prs. women's dongola slippers @ $1.25.
Paid J. H. Durgin & Son cash to bal. %.

March 8.

Charles T. Hall has paid his note in cash.
Bought of James Hooper on %:
60 prs. children's pearl goat button boots @ 70¢.
60 prs. children's dongola button, no heel, boots @ 50¢.
12 prs. men's hand sewed calf bal. boots @ $4.25.
6 prs. boy's buff bal., no heel, boots @ $1.75.
Davis, Rice, & Co. have paid cash on %, $92.34, less dis. 1 %.

March 9.

Sold Pease & Blagdon on %:
12 prs. men's rubber boots @ $2.60.
12 prs. women's " " @ $1.12.
12 prs. children's " " @ $1.00.
Sold Caleb Hatch on his note at 10 days:
12 prs. patent calf bal. Goodyear welt boots @ $3.00.
12 prs. " " congress " " " @ $3.00.
30 prs. calf bal. dongola top, Newark toe, $2.50.
Paid Day & Martin cash to balance %, $48.37, less dis. 2 %.

March 10.

Bought of Whitcomb & Paine for cash:
2 cases men's pegged calf boots @ $21.50.
2 cases men's nailed calf boots @ $20.50.
Paid John A. Thorndike cash on private %, $15.00.
Paid for expenses, $2.61.

March 11.

Sold Thomas C. Green on %:
6 prs. "Elksole," Russia calf bicycle shoes @ $2.00.
6 prs. " kangaroo-kaf " " @ $2.00.
12 prs. outing tangola bicycle shoes @ $1.50.
9 prs. kangaroo kid bicycle shoes @ $1.35.

March 13.

Paid Woonsocket Rubber Co. cash to bal. %.
Recd. cash of Davis, Rice, & Co. to bal. %.
Paid note favor of Daniel Everett.

March 14.

Bought on our note at 10 days of Levi Ross:
60 prs. boys' Russia bal. ½ D. S. boots @ $1.50.
60 prs. youths' chocolate bal. boots @ $1.20.
60 prs. vici chocolate bal. boots @ $1.40.
Paid David H. Brooks on private %, $8.50.
Paid National Rubber Co. cash to bal. %.

March 15.

Pease & Blagdon have paid cash on %, $27.60, less dis. 1 %.
Sold A. J. Clark for cash:
24 prs. boys' "Elksole" bicycle shoes @ $1.50.
12 prs. youths' "outing" kangaroo shoes @ $1.25.

March 16.

Paid James Hooper cash to bal. %.
Samuel G. Wade has paid cash to bal. %.
Sold Davis, Rice, & Co. on %:
36 prs. men's grain brogans @ $1.35.
12 prs. men's buff congress brogans @ $1.35.
24 prs. men's buff bal. brogans @ $1.40.

March 17.

Paid cash for store expenses, $3.65.
Bought of Day & Martin on %:
36 prs. boys' veal calf button boots @ $1.25.
12 prs. boys' veal calf bal. boots @ $ 1.20.
24 prs. men's pebble goat button boots @ $1.60.
Sold Samuel G. Wade on %:
24 prs. men's buckle arctics @ $1.30.
36 prs. women's buckle arctics @ $1.10.
Paid J. A. Thorndike on private %, $15.00.

March 18.

Pease & Blagdon have paid cash to bal. %.
Bought of J. H. Durgin & Son on %:
36 prs. hand sewed dongola opera slippers @ $1.10.
36 prs. hand sewed brown goat slippers @ $0.90.
12 prs. men's goat pumps @ $1.00.

March 20.

Bought of Woonsocket Rubber Co. on %:
60 prs. men's snow excluders @ $1.25.
60 prs. boys' " " @ $1.00.
24 prs. boys' wool-lined Alaskas @ $0.65.
Caleb Hatch has paid his note in cash.

March 21.

Thomas C. Green has paid cash to bal. %.
Sold Pease & Blagdon on %:
12 prs. ladies' pebble grain button boots @ $1.25.
24 prs. " " goat " " @ $1.20.
12 prs. " glove grain " " @ $1.00.

March 23.

Paid our note favor of Levi Ross.
Sold William Worth & Son for cash:
36 prs. men's storm slippers @ $0.64.
36 prs. women's storm slippers @ $0.44.
24 prs. misses' storm slippers @ $0.36.
12 prs. children's storm slippers @ $0.32.

March 24.

Paid David H. Brooks cash on private %, $10.00.

March 25.

Bought of National Rubber Co. on %:
60 prs. women's storm slippers @ $0.40.
60 prs. " " Alaskas @ $0.50.
60 prs. " Angoras @ $0.60.

March 27.

Davis, Rice, & Co. have paid cash to bal. %.
Sold Thomas C. Green on %:
12 prs. boys' black canvas gymnasium shoes @ $1.00.
12 prs. youths' " " " " @ $0.90.
6 prs. men's kangaroo calf shoes @ $3.00.
Paid John A. Thorndike cash on private %, $12.50.

March 28.

Recd. cash of Samuel G. Wade to bal. %.
Paid Day & Martin cash to bal. %.
Paid J. H. Durgin & Son cash to bal. %.

March 29.

Paid Woonsocket Rubber Co. cash to bal. %.

March 30.

Recd. cash of Pease & Blagdon to bal. %.

March 31.

Paid salaries and other expenses, $91.47.

Credited John A. Thorndike for interest on his net capital for one month at 5%.

Credited David H. Brooks for interest on his net capital at the same rate.

The learner will write out the above memoranda, according to the form given in the previous example, using the day-book, the purchase-book, the sales-book, the cash-book, the bill-book, and the three ledgers.

It should be remembered that there is one % discount on all accts. in the sales ledger, and two % on all accts. in the purchase ledger.

The amount of mdse. on hand at closing is estimated at $3900.

Statement of Resources and Liabilities.

RESOURCES AT CLOSING.				
Cash, per cash-book	5029	46		
Mdse., estimated value	3900	00		
Thos. C. Green owes on %	40	80		
J. A. Thorndike, on private %	47	75		
D. H. Brooks, on private %	25	50		
Total resources at closing			9043	51
DEBTS.				
Due National Rubber Co. on %			90	00
Net capital at closing			8953	51
J. A. Thorndike's net cap. Mar. 1	5000	00		
D. H. Brooks's " " "	4000	00		
Total net capital at commencing			9000	00
Deduct net capital at closing			8953	51
Net loss on net capital			46	49
Add J. A. T.'s interest on net cap.			20	83
Add D. H. B.'s " " "			16	67
Total net loss			83	99
Each partner's net loss			41	99½
J. A. T.'s net cap. at commencing	5000	00		
Add his interest on net cap.	20	83		
Net cap. and interest	5020	83		
Deduct net loss	41	99		
	4978	84		
Deduct private %	47	75		
J. A. T.'s net cap. at closing			4931	09
David H. Brooks's net cap. at com.	4000	00		
Interest on net capital	16	67		
Capital and interest	4016	67		
Deduct net loss	42	00		
	3974	67		
Deduct private %	25	50		
D. H. B.'s net cap. at closing			3949	17

PART SECOND.

DOUBLE ENTRY.

In *single* entry book-keeping, a record is made of only such business transactions as produce personal debits and credits.

The various *sources* of profits and losses are not indicated; but the net loss or gain is found by comparing the net capital at closing with the same at commencing.

In *double* entry, a record is kept of *all* financial changes, — not only of those producing personal debits and credits; but also of exchanges of equal values; of transfers of property from one department of the business to another; of personal services; of incidental expenses; of various charges, deductions, allowances, etc.

ACCOUNTS.

In double entry, accts. are kept, not only with persons, but with various species of property, and with certain specialties which may become sources of profits and losses.

The number of *possible* accounts is unlimited. There may be more or less, according to the nature of the business, and the kind of information desired in regard to it.

A few of the more important accounts employed in double entry are defined below. Their number might be indefinitely increased. Others will be explained as needed.

The Proprietor's Account is an % with the proprietor, of his investment in the business.

Partner's Account is an % with a partner, and is similar to the proprietor's %.

Personal Accounts are accts. with persons (including legal corporations), of receipts from them, and payments to them.

Bills-Receivable Account is an % of written promises for the payment of money, on time or demand, payable by other parties *into* the business.

Bills-Payable Account is an account of written promises for the payment of money, on time or demand, payable *from* the business.

Cash Account is an % of cash on hand, received and paid.

Mdse. Account is an % of goods on hand, bought and sold for profit.

Real Estate Account is an % with such immovable property as land, houses, stores, shops, mills, etc.

Interest Account is an % of interest receivable and payable, and interest received and paid.

Discount Account is an % of certain deductions made in favor of other parties, or made by other parties in favor of the business.

Expense Account is an % of expenses incurred in carrying on the business.

Balance Account is an account of the assets and liabilities of the business.

Loss and Gain Account is an % of the losses and gains of the business.

DEBITS AND CREDITS.

The terms debits and credits, as used in single entry, have already been explained; but in double entry they have a more extended application; and it is absolutely essential that the learner should thoroughly understand the principles by which the debits and credits of all business transactions may be determined, before any real progress can be made.

From the very nature of the case, the number of business transactions, and consequently the number of accounts, must be unlimited. But, as has already been stated, they may all be reduced to three general classes, — personal accts., property accts., and accommodation accts.

The debits and credits of these may always be determined by the application of three simple principles.

I. *First General Principle.*

Debit the Receiver; Credit the Giver.

This may be stated more clearly thus:

Whoever receives value, and does not give value in return, should be debited. Whoever gives value, and does not receive value in return, should be credited.

Possibly this may be more easily understood if stated in this way:

Debit persons for what you *sell* them on %; for what you *pay* them on %; and for what you pay *for* them on %.

Credit persons for what they *sell* you on %; for what they *pay* you on %; and for what they pay *for* you on %. It will be perceived that these are simply different statements of the same general principle:

The Receiver, Debit; the Giver, Credit.

II. *Second General Principle.*

Debit what comes into the business; Credit what goes out from it.

This may be stated a little less concisely, thus:

Property accts. should be *debited* for whatever value *comes into* the business; and *credited* for whatever value *goes out* of the business.

This principle is sometimes condensed thus:

In, Debit; Out, Credit.

III. *Third General Principle.*

Debit Losses; Credit Gains.

This may also be stated thus:

Under appropriate titles for accommodation accts., debit all charges, deductions, allowances, discounts, commissions, rents, salaries, expenses, etc. *allowed*, *credited*, or *paid* to *other* parties, *from* the business.

Credit all similar items *allowed*, *debited*, or *paid by* other parties, *to* the business.

These three general principles are sufficient for determining the debits and credits of all kinds of business transactions, however complex or complicated.

From the nature of these three principles, it will be perceived that whenever there is a *debit*, there must be an equal *credit;* and whenever there is a *credit*, there must be an equal *debit.*

Hence, whatever the number of transactions, and however complicated the business, the *sum of the debits* must always equal the *sum of the credits.*

This is the distinguishing feature of double entry book-keeping.

DAY-BOOK.

The day-book is a book of facts, in which a concise historical record is kept of all the financial changes in the business, in the order, under the date, and at the time of their occurrence. It is ruled like the day-book of single entry. On the first blue line are written five things: the town, State, month, day, year.

Sometimes the name of the town and State are omitted, after the first page; and the day of the week is substituted.

In the first column is the date; second, the page of the journal where the transaction is journalized; third, a historical record of the transaction; first set of money columns, short extensions; second set, full extensions.

The page-marks of second column should be written at the time of journalizing, to indicate that the work has been journalized. Sometimes red ink is used in this column.

SKELETON OF DOUBLE ENTRY DAY-BOOK.

Town, State, Month, Day, Year.

Date when it changes Year Month Day	Page of the Journal where the entry is journalized	Plain, concise, historical record of transactions, recorded at the time, under the date, and in the order of their occurrence, with black ink Transactions should be separated by single red lines, drawn across this column	Short Extensions Dollars	Short Extensions Cents	Full Extensions Dollars	Full Extensions Cents
					Footing	

QUESTIONS ON THE ABOVE DIAGRAM.

What are the five things on the first blue line? What should be written in the first column? When should it be written? When *not* written? What in the second column? To indicate what? When should it be written? What in the third column? How should the records of different transactions be separated? How many blank spaces should be left between the transactions? How many sets of money columns on a page? How many columns in a set? What should be written in the first set? What in the second set? Which

set should be footed? How does the day-book of double entry differ from that of single entry?

The above questions are given merely as samples. But the teacher is not expected to confine himself to these.

THE JOURNAL.

The journal is a book of debits and credits, in which the original records of business transactions are prepared for posting. It is ruled like the day-book. On the first blue line are written the five things.

In the first column, the date when it changes; in the second, the page of the ledger to which the items are posted; in the third, the ledger titles of the accounts to which the amounts are posted; in the first set of money columns, debit amounts; in the second set, credit amounts. The page-marks in the second column should be written at the time of posting. They are sometimes written with red ink.

The day-book and journal are frequently united in one book, but this should not be done until the learner thoroughly understands the use of each separately. Then the journal day-book may be used to advantage.

SKELETON OF DOUBLE ENTRY JOURNAL.

Town, State, Month, Day, Year.

Date, when it changes — Year / Month / Day	Page of the ledger to which the amt. is posted	Titles of the accounts of the ledger to which the amounts are posted Black ink	Debit Amounts — Dollars	Debit Amounts — Cents	Credit Amounts — Dollars	Credit Amounts — Cents
			Footing		= Footing	

QUESTIONS ON THE ABOVE.

Where should the five things be written? What should be the punctuation of the five things? What should be written in the first column? In the second? In the third? In the first set of money

columns? In the second? Why should the two footings be equal? Can the day-book and journal be united? What kind of ink in each column? When should the second column be written? What does it indicate?

THE LEDGER.

The ledger is a book of accounts. It is a condensation of the results of business transactions, arranged under appropriate titles, with the debits separated from the credits.

The ledger of double entry is similar to that of single. The *form* is the same as the standard ledger already described; but in the second column the opposite ledger titles are written instead of the articles.

The closing of the ledger will be explained later. It is presumed that students have already become familiar with the proper method of posting.

EXAMPLE I. DAY-BOOK.

TOWN, STATE, APRIL 1, 1899.

Date	Page of the journal where the transactions are journalized.	Record of Transactions	Items	Amounts
		John M. Crapo invests Cash, as per cash-book Merchandise, as per inventory	1000 00 1500 00	2500 00
3		Bought of Lewis Downs Bill mdse. for cash		150 00
6		Sold Frank P. Huntress on % Bill mdse.		100 00
7		Bought of Byron J. Huse Bill mdse. on %		37 50
8		Sold Loring W. Cole Mdse. and recd. his note		44 31
10		Paid Simon B. Davis Cash for stationery and stamps		5 50
13		Recd. of Frank P. Huntress Cash on %		25 00
15		Bought of William King Mdse. on %		75 00
17		Bought mdse. of Silas K. Long Gave him in payment cash Our note for balance	100 00 125 00	225 00
20		Sold Frank P. Huntress Mdse. on %		19 00
22		Paid William King Cash on %		20 00
24		Paid cash for insurance For drayage	13 50 4 00	17 50
27		Recd. of Frank P. Huntress Cash on %		35 00
29		Sold Harvey Jones Bill mdse. for his note		137 50
		Bought of Lucius Crane Mdse. for our note		49 60
		Total footing of day-book		3440 91

EXAMPLE I. JOURNAL.

TOWN, STATE, APRIL 1, 1899.

Date	Ledger Titles		Debits	Credits
	Cash, Dr. Value comes in.	Prin. II.	1000 00	
	Mdse., Dr. Value comes in.	Prin. II.	1500 00	
	John M. Crapo, Cr. The giver.	Prin. I.		2500 00
3	**Mdse., Dr.** Value comes in.	Prin. II.	150 00	
	Cash, Cr. Value goes out.	Prin. II.		150 00
6	**F. P. Huntress, Dr.** The receiver.	I.	100 00	
	Mdse., Cr. Value goes out.	II.		100 00
7	**Mdse., Dr.** Value comes in.	II.	37 50	
	Byron J. Huse, Cr. The giver.	I.		37 50
8	**Bills receivable, Dr.** Value comes in.	II.	44 31	
	Mdse., Cr. Value goes out.	II.		44 31
10	**Expense, Dr.** Loss.	III.	5 50	
	Cash, Cr. Value goes out.	II.		5 50
13	**Cash, Dr.** Value comes in.	II.	25 00	
	Frank P. Huntress, Cr. The giver.	I.		25 00
15	**Mdse., Dr.** Value comes in.	II.	75 00	
	William King, Cr. The giver.	I.		75 00
17	**Mdse., Dr.** Value comes in.	II.	225 00	
	Cash, Cr. Value goes out.	II.		100 00
	Bills payable, Cr. Our note goes out.	II.		125 00
20	**F. P. Huntress, Dr.** The receiver.	I.	19 00	
	Mdse., Cr. Value goes out.	II.		19 00
22	**William King, Dr.** The receiver.		20 00	
	Cash, Cr. Value goes out.			20 00
24	**Expense, Dr.** Loss. No returns.	III.	17 50	
	Cash, Cr. Money goes out.	II.		17 50
27	**Cash, Dr.** Money comes in.		35 00	
	F. P. Huntress, Cr. The giver of value.			35 00
29	**Bills receivable, Dr.** His note comes in.		137 50	
	Mdse., Cr. Mdse. goes out.			137 50
	Mdse., Dr. Mdse. comes in.		49 60	
	Bills payable, Cr. Our note goes out.			49 60
	Total footings of journal, equal that of the day-book			3440 91

Proof of the Journalizing.

In every business transaction, there must be a debit and a credit, and these must be equal in amount. But in the day-book, only one of these is full-extended. The other is short-extended, or unwritten.

The *debit* amount may be written, OR the *credit;* but *both* of them are *never* written in the last set of columns of a day-book.

Hence, it is evident that the last set of money columns must contain half the sum of all the written and unwritten debits and credits of all the transactions.

But as the sum of the debits is equal to the sum of the credits, the sum of the debits, OR the sum of the credits, must be equal to the footing of the day-book.

But all the debits are carried to the debit columns of the journal, and all the credits to the credit columns.

Therefore, the footing of the day-book must be equal to the footing of the debit columns of the journal, and, also, to the footing of the credit columns of the journal. The footings of the three sets are composed of the *same* amounts, or *equal* amounts, and therefore they must be equal.

Hence we have the following

Rule.

Foot the last set of columns of the day-book.

Foot the debit and credit columns of the journal.

See that the three footings are alike.

In Example I., we find each of the three footings, $3440.91.

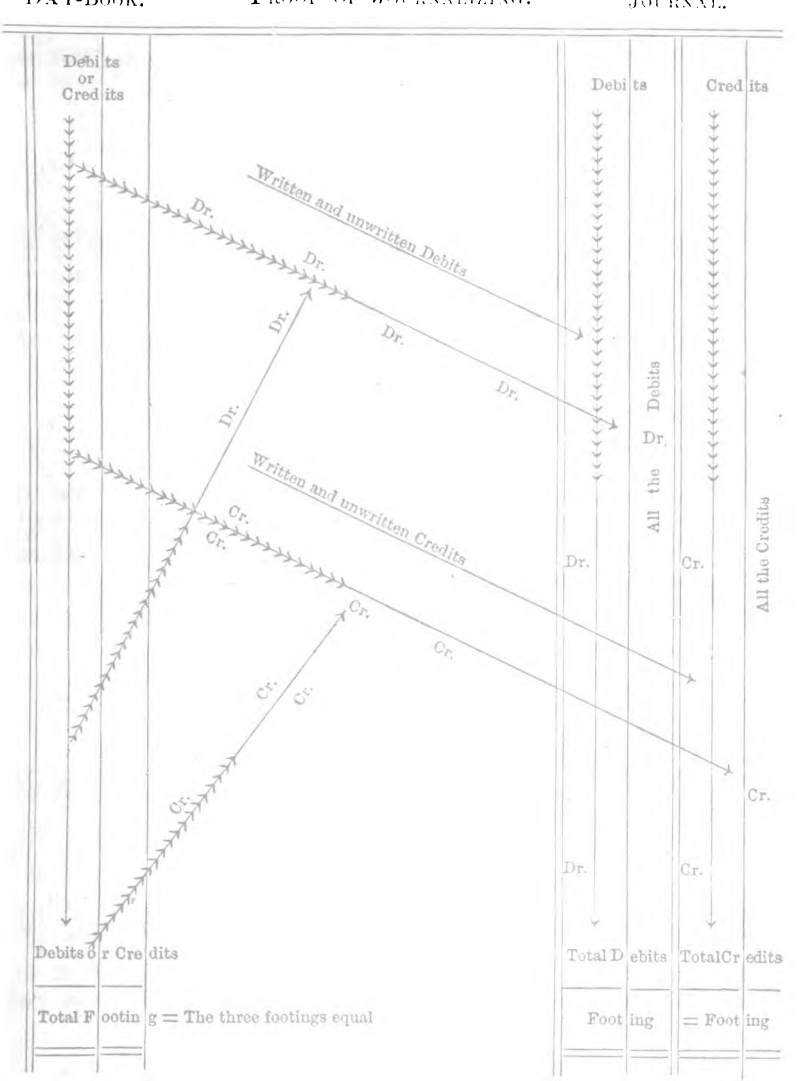
This rule will always apply, when the work is properly journalized. But it may *seem* to be correct when it is not.

The proper *amount* may be transferred to the journal, while the ledger titles may be wrong, or the debit and credit titles may be reversed.

Whenever the books are closed, this test should be applied; and if the three footings are not alike, the work should be reviewed and the error corrected. There are certain rules which will aid the book-keeper in discovering errors in journalizing; but the learner should not be confused by an attempt to explain them at this time.

The best rule for the *learner* is to review the work till the errors are found.

The following diagram may aid in understanding more clearly the proof of the correctness of the journalizing.



As soon as all the transactions have been journalized, and the test for accuracy has been applied, the journal should be posted.

The pupil should post without referring to the text-book; then he should compare his work and obtain the following result:

Dr. JOHN M. CRAPO. Cr.

				1899			
				April 1	Assets	2500	00

Dr. CASH. Cr.

1899				1899			
April 1	J. M. Crapo	1000	00	April 3	Mdse.	150	00
13	F. P. Huntress	25	00	10	Expense	5	50
27	F. P. Huntress	35	00	17	Mdse.	100	00
				22	Wm. King	20	00
				24	Expense	17	50

Dr. MERCHANDISE. Cr.

1899				1899			
April 1	J. M. Crapo	1500	00	April 6	F. P. Huntress	100	00
3	Cash	150	00	9	B. rec.	44	31
8	B. J. Huse	37	50	20	F. P. Huntress	19	00
15	Wm. King	75	00	29	B. rec.	137	50
17	Cash & B. pay.	225	00				
29	B. pay	49	60				

Dr. FRANK P. HUNTRESS. Cr.

1899				1899			
April 6	Mdse.	100	00	April 13	Cash	25	00
20	"	19	00	27	"	35	00

Dr. BYRON J. HUSE. Cr.

				1899			
				April 8	Mdse.	37	50

Dr. BILLS RECEIVABLE. Cr.

1899							
April 8	Mdse.	44	31				
29	"	137	50				

Dr. EXPENSE. Cr.

1899							
April 10	Cash	5	50				
24	"	17	50				

Dr. WILLIAM KING. Cr.

1899				1899			
April 22	Cash	20	00	April 16	Mdse.	75	00

Dr. BILLS PAYABLE. Cr.

				1899			
				April 17	Mdse.	125	00
				29	"	49	60

As soon as the posting is completed, the accuracy of the work should be tested. For this purpose, a Trial Balance should be made. It is made like the proof-sheet in single entry. The learner should refer to the explanation given for preparing the Proof-Sheet in Part First, and then make a trial balance of Example I., from the ledger given above, without referring to the one below.

PROOF-SHEET.

Balances		Totals			Totals		Balances	
				John M. Crapo	2500	00	2500	00
767	00	1060	00	Cash	293	00		
1736	29	2037	10	Merchandise	300	81		
59	00	119	00	Frank P. Huntress	60	00		
				Byron J. Huse	37	50	37	50
181	81	181	81	Bills receivable				
23	00	23	00	Expense				
		20	00	Wm. King	75	00	55	00
				Bills payable	174	60	174	60
2767	10	3440	91		3440	91	2767	10

PROOF.

All the debits from the debit columns of the *journal* have been carried to the debit side of the *ledger;* and all the debits from the debit side of the *ledger* have been transferred to the debit columns of the *trial balance.*

Hence, the debit columns of the trial balance contain all the debits of all the transactions of the example. But the footing of the debit columns of the journal contain all the debits of the example. Hence, the debit footing of the journal should equal the debit footing of the trial balance, both representing the same thing, — the sum of the debits of all the transactions of the example.

The same is true of the credits. All the credits from the credit columns of the journal have been carried to the credit side of the several accounts of the ledger; and all the credits from these accts. have been collected in the credit columns of the trial balance. Hence, the credit columns of the trial balance must contain all the credits of all the transactions of the example.

But the credit columns of the journal contained all the credits. Hence, the footing of the credit columns of the journal and the footing of the credit columns of the trial balance must be equal. But the footings of the debit and credit columns of the journal were equal, because the debits and credits were equal.

Therefore, the footings of the debit and credit columns of the trial balance must be equal.

Thus, the total footing of the day-book, the footing of each set of the money columns of the journal, and the footing of each set of the totals of the trial balance must be the same, if the work is correct.

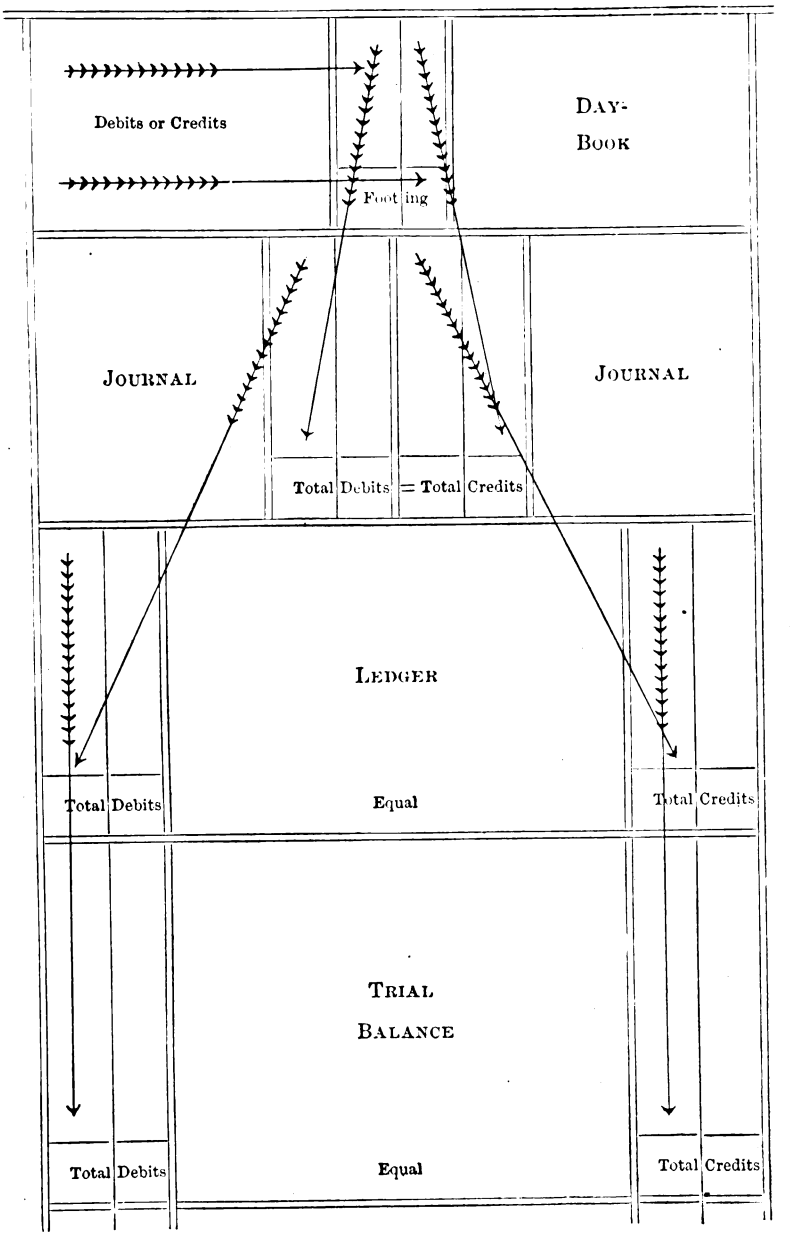
In Example I., the amount is $3440.91.

But it should be remarked that this proof is not positive. The proper amounts may have been posted to the wrong accts., or other mistakes may have been made, and still the footings may be alike.

The following diagram may serve to illustrate more clearly the proof of the posting. It will be readily comprehended without any explanation. It is book-keeping in the abstract. The explanations and questions should first be concrete, then abstract. The written and unwritten debits and credits of all the transactions of the example should be traced from the day-book to the trial balance, first by means of the concrete forms of the text, and then by the arrows of the diagram.

Let the teacher and the learner never lose sight of the fact that book-keeping is a science as well as an art.

PROOF OF POSTING.



Closing the Ledger.

Men usually engage in business for the sake of the profit to be derived from it. But it is evident that a probability of gain involves a liability of loss. In business enterprises of considerable extent, every day brings its losses as well as gains. Rents, salaries, insurance, taxes, and other expenses must be paid from the profits; but the expectation is that the gains will exceed the losses.

The *net gain* belongs to the proprietor, and should be credited to him, when ascertained. The *net loss* should be debited. But the losses and gains are sometimes numerous, and to be found in many different accounts.

Hence, at stated times, all the gains and losses should be collected; the balance ascertained; and the proprietor's % adjusted. For this purpose, the most convenient method is to close all the accts. of the ledger.

As we wish to ascertain the net loss or gain, we open a Loss and Gain %, and carry all losses to the debit side, and all gains to the credit.

If there is an excess of losses, the balance will be the net loss, and should be *debited* to the proprietor. If there is an excess of gains, the balance will be the net gain, and should be *credited* to the proprietor.

It will be perceived that the main object of closing the ledger is to adjust the proprietor's %, so that it will show the true state of his interest in the business. The balance of the proprietor's %, as we have already learned, represents the net capital invested. In order to show that no mistake has been made, it is customary to open a Balance Account; to carry all the Assets to the debit side; and all the Liabilities to the credit side. The balance of the Bal. Acct. will be the net capital of the business, and of course will be equal to the balance of the proprietor's %.

Thus, in closing the ledger, we find four kinds of results,— Losses and Gains, Assets and Liabilities. For these we open two new accts., — A Loss and Gain % and a Bal. Acct.

The losses we carry to the debit side of the "Loss and Gain %;" the gains, to the credit side. The assets we carry to the debit side of the "Balance Account;" the liabilities to the credit side.

Having explained the reason for closing the ledger, and the general method to be pursued, we now proceed to close the ledger of Example I.

The proprietor's (or partner's) % is always the first to be opened; as it is the record of the investment, and must be the first transaction. But it is the last to be closed, because it cannot be adjusted till the net loss or gain is ascertained.

Passing over the proprietor's %, the next in order is the cash %. On the debit side is the amount invested by the proprietor, and what was afterwards received, amounting to $1060. On the credit side is the amount of money paid out, $293. Subtracting the cash paid from the amount received, the difference of course must be the amount of money on hand, $767, provided that no mistake has been made.

But on counting the cash, we find only $762.50. We carefully review the work, and find no mistake. Hence, we conclude that there must have been a *loss* of cash (in making change, or in some other way), $4.50. Thus, we have two results, $762.50 on hand, and a deficiency of $4.50.

The money on hand belongs to the cash %, and should be credited to it, if the % is to be closed.

But the credit side of the cash % was designed for cash paid out. Hence, when we credit the amt. of money on hand, the entry should be made with red ink, to indicate that it does not come from the journal, but is written simply for convenience in closing the %, to be immediately transferred to another % in the ledger.

As money on hand is value belonging to the business, it is an asset, and should be carried to the debit side of the Balance Acct.

The word "Balance" is written before the amount in the cash %, to show where it is carried; the word "Cash" is written in the balance % before the amt. to show that it came from the cash %.

We now find that the cash % will not balance. We therefore credit the % for the loss, $4.50.

But the credit side of the cash % was not designed for losses, therefore we write the $4.50 with red ink, and transfer it to the debit side of the Loss and Gain %, the place for losses, in black ink.

These explanations may be formulated thus:

To close the cash %: foot the debit side; foot the credit side; find the difference; write the balance on the credit side with red ink; carry this amt. to the debit side of the Balance Acct. with black ink. Rule off the %.

If the balance does not equal the amt. of money on hand, write the difference on the smaller side with red ink, and carry the amt. to the opposite side of the Loss and Gain %. The cash % as closed will now be as follows:

Dr. CASH. Cr.

1899				1899			
Apr. 1	J. M. Crapo	1000 00		Apr. 3	Mdse.		150 00
13	F. P. Huntress	25 00		10	Expense		5 50
	F. P. Huntress	35 00		17	Mdse.		100 00
				22	Wm. King		20 00
				24	Expense		17 50
				29	Balance		762 50
					Loss and gain		4 50
		1060 00					1060 00

QUESTIONS ON THE CLOSING OF THE CASH %.

What do we find on the debit side of the cash %? What on the credit? What is the difference? What should this difference equal? Why? Counting the money, what amt. do we find on hand? What do we infer? How much money has been lost? How many results do we find in closing the %? What is the $762.50? Why an asset? Why should it be credited to cash %? Why with red ink? Why write the word "Balance" before the amt.? Why carry it to the debit side of balance %? Why with black ink? Why write cash before it? Where write the $4.50? With what kind of ink? Why red? What should be written before the amount? Why? Where carry the amt.? With what kind of ink? Why? What write before the amt. in the Loss and Gain %? If there had been a gain instead of a loss, what changes would there have been in closing?

The next % in order is mdse. %.

On the debit side is the worth of the mdse. invested by the proprietor, and the cost of what was afterward bought, amounting to $2037.10. On the credit side, we find the receipts from sales, $300.81. If all the goods had been sold, the difference between the cost and the receipts would have been the loss on mdse. for the month. But the goods were not all disposed of. We therefore go into the store and take % of the stock remaining unsold, and find the inventory at closing, $1791.46. This belongs to the mdse. %, and must be credited when the % is closed. But the credit side of the % was designed for receipts from sales, not for mdse. unsold. Hence, we write "Balance, $1791.46," with red ink, and carry the amt. to the Balance Acct. as "Mdse., $1791.46," on the credit side

with black ink. We now have what has *been recd.* in black ink, and what we *expect to receive* in red, making $2092.27. Subtracting the cost, $2037.10, from this amt. we have $55.17. This is a gain, because the proceeds and the anticipated proceeds exceed the cost, — the credits exceed the debits. We debit the mdse. % therefore for $55.17, and carry it to the credit side of Loss and Gain %. We debit it with red ink, because not in the proper place for gain; we credit with black ink, because in the proper place.

The % will now be as follows:

Dr. MERCHANDISE. Cr.

1899				1899			
Apr. 1	J. M. Crapo	1500	00	Apr. 6	F. P. Huntress	100	00
3	Cash	150	00	9	B. Rec.	44	31
8	B. J. Huse	37	50	20	F. P. Huntress	19	00
15	Wm. King	75	00	29	B. Rec.	137	50
17	Cash and B. Pay.	225	00		Balance	1791	46
29	B. Pay	49	60				
	Loss and gain	55	17				
		2092	27			2092	27

QUESTIONS ON CLOSING THE MDSE. %.

What do we find on the debit side? How much was invested? How much afterward paid? How much was the total debit? What on the credit? How much? What is the difference? If the goods had all been sold, what would the difference represent? Were they all sold? What is the value of the goods unsold? Why should the inventory be credited? Why is it an asset? Why should the credit be made with red ink? Where should the inventory be carried? With what kind of ink? Why black? What is the total credit including the inventory? What is the total debit? What the difference? Why is this a gain? Why must it be debited? Why red ink? Where carried? Why? What kind of ink? If there had been a loss, what changes would there have been in closing? When will there be no red ink entries in closing the mdse. %?

The next % is that of Frank P. Huntress.

On the debit side, we find $119.00, the amt. of mdse. sold him on %. On the credit side, $60.00, the amount of cash recd. from him on %. The difference is $59.00, which we credit him, in order to

close the %; but as he has not paid us the $59.00, we write it with red ink, to show that it was credited merely for convenience. But what he owes us is an asset, and is immediately transferred to the debit side of the Bal. Acct., with black ink, the place for assets. Thus, his % is closed, and the amt. of his indebtedness is preserved in the Bal. Acct., to be charged to him when the books are again opened.

The % will now be as follows:

Dr. FRANK P. HUNTRESS. Cr.

1899				1899			
Apr. 6	Mdse.	100	00	Apr. 13	Cash	25	00
20	"	19	00	27	"	35	00
				29	Balance	59	00
		119	00			119	00

QUESTIONS ON THE ABOVE %.

To which class does Frank P. Huntress' % belong? With what was he debited? What was the amt. of the debits? Of the credits? The difference? Why credit him? With what kind of ink? Why? Where do we carry the balance? Why? If the credits had been more than the debits, where would the red ink entry have been? What would it have represented? Where would it have been carried?

The next % is that of Byron J. Huse.

He has received nothing from us, but we have received $37.50 worth of mdse. from him, for which we have not paid. This amt. we owe him, and it is therefore a liability. But we wish to close the %, and do not wish to pay the debt. Hence, we debit him for the amt. with red ink and transfer it to the credit side of the Bal. Acct. to be reserved as a liability until the books are again opened, when it will be credited.

The % will then be as follows:

Dr. BYRON J. HUSE. Cr.

1899				1899			
Apr. 29	Balance	37	50	Apr. 8	Mdse.	37	50

QUESTIONS ON THE ABOVE %.

What class of % is this? What has he recd. from us? What have we recd. from him? Why do we debit him? Why with red ink? Where do we carry the amt.? Why? To whom will it be credited, when the books are opened? In closing the above %, why do we not foot the money columns? Why do we omit the single red lines?

The next % is Bills Receivable.

Two notes, amounting to $181.81, have been received, none have been paid. But we wish to close the %, and must credit it for the amount of these notes; but as the money has not been recd. for them, the entry is made with red ink. As these notes are a resource, the amt. is transferred to the debit side of the Bal. Acct.

The % will then be as follows:

Dr. BILLS RECEIVABLE. Cr.

1899					1899				
Apr. 9	Mdse.		44	31	Apr. 29	Balance		181	81
29	"		137	50					
			181	81				181	81

The teacher will ask questions similar to those which have been asked in regard to the other accts. The blackboard should always be used in explaining the process of closing the ledger.

The next % is the Expense Acct.

On the debit side we find the amt. of expenses paid, $23.00. As no returns have been recd., the whole amt. is a loss. But we wish to close the %, therefore we credit it for the loss with red ink, and carry it to the debit side of Loss and Gain %, the place for losses.

The % will then be as follows:

Dr. EXPENSE. Cr.

1899					1899				
Apr. 10	Cash		5	50	Apr. 29	Loss and gain		23	00
24	"		17	50					
			23	00				23	00

The next % is that of William King.

We find that we owe him $55.00. We debit him for the amt. with red ink, and carry it to the credit side of the Bal. Acct. with black ink, the place for liabilities.

The % will then be as follows:

Dr. WILLIAM KING. Cr.

1899				1899			
Apr. 22	Cash	20	00	Apr. 15	Mdse.	75	00
29	Balance	55	00				
		75	00			75	00

The next % is Bills Payable.

On the credit side, we find $174.60, the amt. of our two notes issued. As none have been paid, they are still outstanding, and are a liability. We therefore debit the % for the amount with red ink, and carry it to the credit side of the Bal. Acct., to be there reserved till the books are again opened.

The % will now be as follows:

Dr. BILLS PAYABLE. Cr.

1899				1899			
Apr. 29	Balance	174	60	Apr. 17	Mdse.	125	00
				29	"	49	60
		174	60			174	60

All the accts., except the proprietor's %, which were *posted* from the journal have now been closed; the results have been carried to their proper places; and two new accts. have been formed, which we will now close.

The first is the Loss and Gain %.

On the credit side, we find the gain, $55.17. From the debit side, we find the total loss is $27.50. As the total gain exceeds the total loss, the difference represents the net gain, $27.67. To close the %, we debit the net gain; but as the debit side of the % was not designed for net gain, the entry is made with red ink.

As the net gain belongs to the proprietor, we carry it to the credit side of the proprietor's % with black ink, because that is the place for net gain.

The % will now be as follows:

Dr.		Loss and Gain.				Cr.	
1899 Apr. 29	Casn	4	50	1899 Apr. 29	Mdse.	55	17
	Expense	23	00				
	John M. Crapo	27	67				
		55	17			55	17

The other new % is the Balance Acct.

On the debit side, we have the total assets, $2794.77. On the credit side, we have as liabilities, $267.10. But the assets and liabilities are always equal.

Hence, there must be a liability which has not been transferred. But it will be remembered that the net capital of the proprietor is a liability. We therefore go back and close the proprietor's %.

On the credit side of John M. Crapo's %, we find that his investment and his net gain amount to $2527.67. And as there were no debts assumed, his net capital at closing is the same amt. We debit him for this with red ink, and carry the amount to the credit side of the Bal. Acct. with black ink. All the liabilities having been carried to the Balance Acct., we now find that the debit and credit footings are alike, $2794.77. We conclude therefore that the work of closing the ledger is correct.

The proprietor's % and the balance % will be as follows when closed:

Dr.		John M. Crapo.				Cr.	
1899 Apr. 29	Balance	2527	67	1899 Apr. 1	Assets	2500	00
				29	Loss and gain	27	67
		2527	67			2527	67

Dr.		Balance Account.				Cr.	
1899 Apr. 29	Cash	762	50	1899 Apr. 29	Byron J. Huse	37	50
	Mdse.	1791	46		Wm. King	55	00
	F. P. Huntress	59	00		Bills Payable	174	60
	Bills Receivable	181	81		J. M. Crapo	2527	67
		2794	77			2794	77

The foregoing explanations, if thoroughly understood and properly applied, are sufficient to guide the ordinary student in recording business transactions, in journalizing, in posting, and in closing the ledger.

These explanations may be condensed and formulated thus:

All entries, *not posted from the journal*, made for convenience, to be immediately transferred, should be written with *red ink.*

All *transferred entries* should be written with *black ink.*

Make an inventory of all assets and liabilities not shown in the ledger.

Credit inventories representing assets to the proper accts., and transfer the same to the debit side of the Bal. Acct.

Debit inventories representing liabilities, and transfer the same to the credit side of the Bal. Acct.

Then, passing over the proprietor's %, close all the others, in their order.

Credit assets and debit liabilities, and transfer the same to the opposite side of the Bal. Acct.

Credit losses and debit gains, and carry the same to the opposite side of Loss and Gain %.

Carry the balance of the Loss and Gain % to the opposite side of the proprietor's %.

Carry the balance of the proprietor's % to the opposite side of the Bal. Acct., which will balance, if the work is correct.

As there may be some persons who prefer to have specific directions in regard to debits and credits, and closing entries, we give the following

RULES.

I. Credit the proprietor for assets invested at commencement; for subsequent investments; and for his net gain at closing.

Debit him for debts assumed at commencement; for capital withdrawn; and for his net loss at closing.

Close the % by writing the balance on the smaller side, and carrying the same to the opposite side of the Bal. Acct. .

II. Debit other persons for what they owe us on % at commencement; for what we sell them on %; for what we pay them on %; for what we pay for them on %.

Credit them for what we owe them on %, at commencement; for what they sell us on %; for what they pay us on %; and for what they pay for us on %.

Close by writing the balance on the smaller side, and carrying the same to the opposite side of the Bal. Acct.

III. Debit Cash % for money on hand at commencement, and for all afterward received.

Credit the % for money paid out.

Close by writing the balance of money on hand at closing, on the credit side, and carrying the same to the debit side of Bal. Acct.

IV. Debit *Merchandise* % for the value of mdse. invested at commencement, and for the cost of that afterward bought.

Credit the % for receipts from sales.

In closing, credit the % for the present value of mdse. unsold, and carry the same to the debit side of the Bal. Acct.

Then write the difference between the debits and credits on the smaller side, and carry the same to the opposite side of the Loss and Gain %.

V. Debit *Bills Receivable* % for the face value of other persons' written promises to pay, on hand at commencement, and for those afterward received.

Credit the % for the face value of the same when disposed of.

Close the % by crediting the face value of notes, bills, etc., on hand, and carrying the same to the debit side of Bal. Acct.

VI. Credit Bills Payable % for the face value of our written promises to pay, outstanding at commencement, and for those afterwards issued.

Debit the % for the face value of those paid or otherwise cancelled.

Close the % by debiting the face value of notes, bills, etc., outstanding, and carrying the same to the credit side of the Bal. Acct.

VII. Debit *Interest* % for all interest due to us at commencement, and for all afterward paid, allowed, or credited by us.

Credit the % for all interest due from us at commencement, and for all received, allowed, or debited by us.

To close the %, credit the amt. of interest due to us, and carry the same to the debit side of Bal. Acct.

Debit the amount of interest due from us, and transfer the same to the credit side of Bal. Acct.

Write the difference between the debits and credits on the smaller side, and carry the same to the opposite side of the Loss and Gain %.

VIII. Debit *Discount* % for all discounts, allowances, and deductions made in favor of *other parties* on written promises of payment.

Credit the % for all similar deductions made by others in *our* favor.

Write the difference on the smaller side, and carry the same to the opposite side of the Loss and Gain %.

IX. Debit *Expense* % for incidental expenses connected with the business.

Credit for returns.

Write the difference on the smaller side, and carry the same to the opposite side of Loss and Gain %.

X. Debit *Loss and Gain* % for losses.

Credit the % for gains.

Carry the difference to the opposite side of the proprietor's %.

XI. Debit *Balance* % for Assets.

Credit the % for liabilities.

It will balance when all the other accts. are closed, if the work is correct.

If there should be other accts., they can be closed in a manner similar to those mentioned above.

EXAMPLE II.

This example is a continuation of Example I., with the resources and liabilities shown in the Balance Acct. of April 29.

May 1.

Bought of Samuel C. Crane, bill mdse. for cash, $64.15. Sold Moses True for cash, bill mdse., $8.75.

May 3.

Bought of Charles C. Dorr, on our note at 30 days, bill mdse., $77.50.

May 5.

Loren W. Cole has paid cash for his note, $44.31.

May 6.

Sold Stephen J. Wright, on his note at 60 days, bill mdse., $99.00.

May 10.

Paid cash for gas bill, $7.50. Frank P. Huntress has paid cash on %, $30.00.

May 13.

Paid William King cash on %, $25.00.

May 17.

Bought of William King on %, bill mdse., $11.00.

May 19.

Sold Frank P. Huntress on %, bill mdse., $45.00. John M. Crapo has withdrawn cash from the business, $100.00.

May 20.

Paid cash to Silas Lang for our note, $125.00. Frank P. Huntress has paid cash on %, $20.00.

May 24.

Sold Byron J. Huse, bill mdse. on %, $76.00. Bought of Stone & Ames on %, bill mdse., $171.50.

May 26.

Harvey Jones has paid cash for his note, $137.50. Paid cash for our note favor of Lucius Crane, $49.60.

May 27.

John M. Crapo has paid cash into the business, as an additional investment, $500.00. Paid Stone & Ames cash on %, $100.00, and gave them our note to bal. %, $71.50.

May 29.

Paid clerk's salary, $25.00. Paid for rent, $45.00.

The learner will write out all the books and close them, using the forms of the first example as models.

The amount of merchandise on hand at closing is estimated at $2000.00.

If the work is correctly done, the following results will be obtained:

Dr. LOSS AND GAIN. Cr.

1899					1899				
May 31	Expense		52	50	May 31	Mdse.		113	14
	John M. Crapo		60	64					
			113	14				113	14

Dr. BALANCE ACCOUNT. Cr.

1899					1899				
May 31	Cash		986	81	May 31	William King		41	00
	Mdse. (estmtd.)		2000	00		Bills Payable		149	00
	F. P. Huntress		54	00		John M. Crapo		2988	31
	Byron J. Huse		38	50					
	Bills Receivable		99	00					
			3178	31				3178	31

The three examples which follow should be carefully written out, and the books should be closed according to the model given in the first example. In practice the balances are usually brought down for the beginning of the new %, but the learner should open each of the examples with the resources and liabilities shown in the balance % of the previous month, so as to become better acquainted with the method of opening and closing the books.

If more practice is needed, the learner will do well to work out two or three examples of the single entry, by the double entry method.

The same results of course will be obtained, but the process will be different.

EXAMPLE III.

MEMORANDA.

March 2, 1899. Cyrus Ross invests in business, cash, $5000.00; mdse., $6000.00; J. V. Upham's note, $475.00; and an % against Thomas P. Newton for $147.63. Cyrus Ross owes J. R. Lewis on %, $47.28; F. P. Dorman on %, $268.42; Robert Lowe on note, $163.12; and interest on above note, $19.28.

March 3. J. V. Upham pays cash on his note, $100.00.

March 6. Sold J. R. Lewis on %, one side-bar buggy, $87.50.

March 7. Thomas P. Newton pays cash on %, $50.00.

March 9. Sold Melville Watts on his note at 60 days, 1 combination buggy, $90.00.

March 10. Bought of Union Carriage Co. on our note at 60 days, bill mdse., $642.75.

March 14. Paid F. P. Dorman cash on %, $200.00.

March 17. Sold J. A. Howe, on %, 1 double harness, $37.50; 1 single harness, $18.25; 2 robes @ $12.00.

March 18. Paid cash for sundry expenses, $11.21.

March 21. J. V. Upham pays cash on his note, $100.00.

March 23. Thomas P. Newton pays cash on %, $50.00.

March 25. Paid cash for our note favor of Robert Lowe, face of note, $163.12, interest to date, $19.93.

March 27. Paid our note favor of James White, face of note, $642.75, discount off, $5.36.

March 28. J. V. Upham pays the balance due on his note. We discount, $3.00. He pays us cash, $272.00.

March 30. Sold Solon Dodge on his note at 6 months, 1 cabriolet, $250.00; 1 delivery wagon, $70.00.

March 31. Sold Thomas P. Newton on %, 1 phaeton, $150.00; 1 harness, $42.00; 1 whip, $2.75.

Mdse. on hand, $5930.47.

Trial Balance.

Dr. Balances		Debits		Ledger Titles	Credits		Cr. Balances	
		498	10	Cyrus Ross	11622	63	11124	53
4540	35	5572	00	Cash	1031	65		
5870	75	6642	75	Merchandise	772	00		
410	00	885	00	Bills Receivable	475	00		
242	38	342	38	Thos. P. Newton	100	00		
40	22	87	50	J. R. Lewis	47	28		
		200	00	F. P. Dorman	268	42	68	42
		805	87	Bills Payable	805	87		
	65	19	93	Interest	19	28		
79	75	79	75	J. A. Howe				
11	21	11	21	Expense				
		3	00	Discount	5	36	2	36
11195	31	15147	49		15147	49	11195	31

Loss and Gain.

Interest		65		Mdse.		59	72
Expense	11	21		Discount		2	36
Cyrus Ross	50	22					
	62	08				62	08

BALANCE ACCOUNT.

Cash	4540	35		F. P. Dorman		68	42
Mdse. (estmtd.)	5930	47		Cyrus Ross		11174	75
Bills Rec.	410	00					
T. P. Newton	242	38					
J. R. Lewis	40	22					
J. A. Howe	79	75					
	11243	17				11243	17

The inventory of merchandise on hand is estimated, and is supposed to be valued at $5930.47.

DIAGRAM.

Having closed the ledger of the last example, according to the foregoing rules, using concrete numbers, the learner will now give his attention to the following diagram, in which the same ledger is closed by an abstract method.

By following the courses of the arrows, the diagram will be readily understood.

All the gains come from the debit side of the ledger and are carried to the credit side of the loss and gain %. All the losses come from the credit side of the ledger, and are carried to the debit side of the loss and gain %.

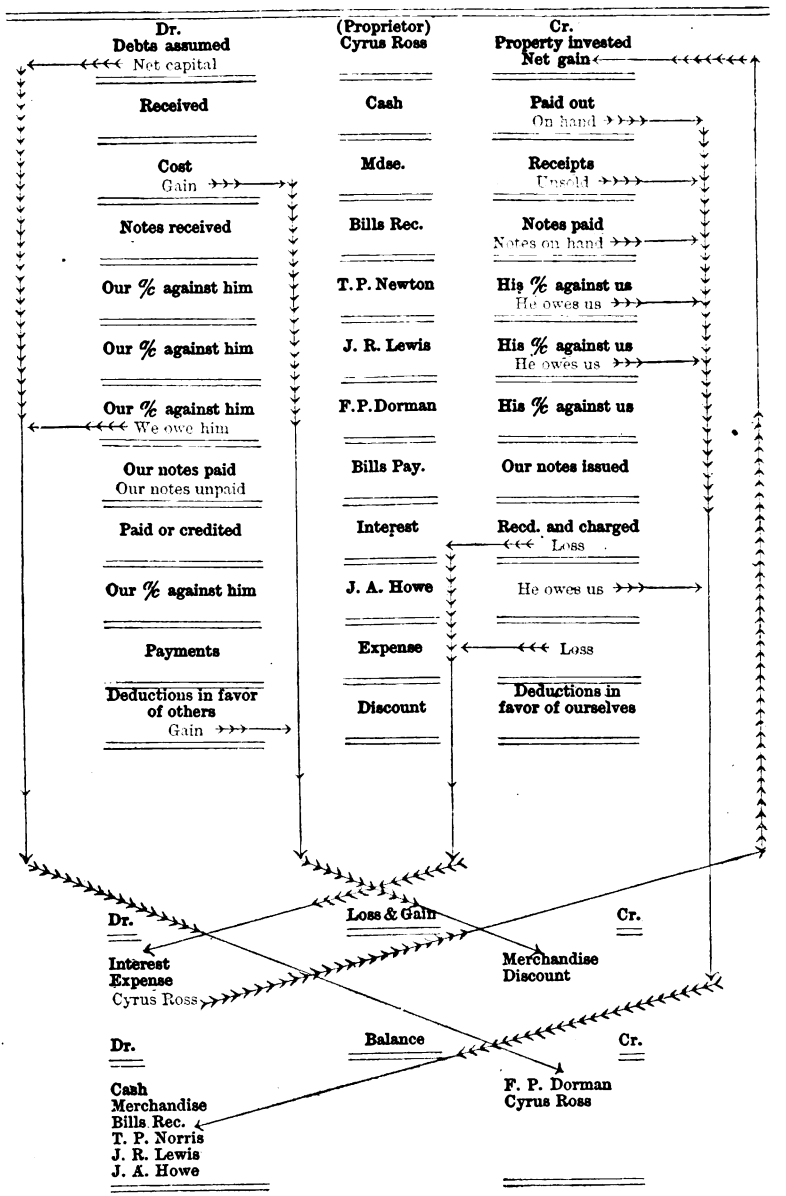
The *net* gain comes from the debit side of the loss and gain %, and is carried to the credit side of the proprietor's %. Had there been a net *loss*, it would have come from the credit side of the loss and gain %, and would have been carried to the debit side of the proprietor's %.

All the resources come from the credit side of the ledger and are carried to the debit side of the balance %. All the liabilities come from the debit side of the ledger, and are carried to the credit side of the balance %.

Thus it will be perceived that the arrows carrying gains and losses *cross* before reaching the loss and gain %. Also the arrows carrying the resources and the liabilities likewise *cross* before reaching the balance %.

EXAMPLE III.

DIAGRAM.



EXAMPLE IV.

Continuation of Example III.

MEMORANDA.

April 1, 1899. Cyrus Ross continues business with the assets and liabilities shown in the balance % of Example III.

April 4. Recd. of Thomas P. Newton cash on %, $100.00.

April 6. Paid F. P. Dorman cash on %, $25.00.

April 7. Bought bill carriages on our note 90 days, $341.50.

April 8. Recd. of J. A. Howe, cash on %, $40.00.

April 10. Sold J. R. Lewis, on %, 1 piano-box buggy, $80.00.

April 11. Paid for freight, $21.36; for drayage, $2.50.

April 13. Discounted our note of the 7th inst. Face of note, $341.50; dis. off, 84 days at 6 %, $4.78; paid cash, $336.72.

April 14. Sold J. A. Howe, on %, 1 Corning buggy, $115.00; 1 open buggy, $90.00.

April 17. Melville Watts has paid cash for his note, $90.00.

April 18. Cyrus Ross has withdrawn cash from the business, $500.00.

April 20. Solon Dodge has paid his note of March 30; face of note, $320.00; dis. off, 5% of the face, $16.00. J. A. Howe has paid cash on %, $150.00.

April 21. Sold Asa Pond on his note at 60 days, 1 Concord buggy, $85.00.

April 22. Recd. cash of J. R. Lewis on %, $60.00.

April 24. Bought bill mdse. of Asa Pond on our note at 90 days, $275.00.

April 25. Paid for lamp, for use in office, $6.50.

April 26. Recd. of Thomas P. Newton, cash on %, $75.00.

April 28. Bought of F. P. Dorman on %, bill of harnesses, $134.25.

April 29. Recd. of J. R. Lewis, cash on %, $25.00.

Paid for rent, $30.00; for clerk-hire, $40.00; mdse. on hand at closing, estimated, $6372.40.

Dr. LOSS AND GAIN. Cr.

Expense	100	36	Mdse.	61	18
Discount	11	22	Cyrus Ross	50	40
	111	58		111	58

Dr.	BALANCE.			Cr.		
	Cash	4422	27	F. P. Dorman	177	67
	Mdse.	6372	40	Bills Payable	275	00
	Bills Rec.	85	00	Cyrus Ross	10624	35
	T. P. Newton	67	38			
	J. R. Lewis	35	22			
	J. A. Howe	94	75			
		11077	02		11077	02

Mdse. on hand at closing, estimated, $6372.40.

CASH-BOOK FOR EXAM-

CASH RECEIVED. Dr.

Year and Month	Day	Opposite Journal entry	Day-book entry	Money received		Balances Full extensions and Footings	
1899							
Mar.	2	Cyrus Ross	Amount invested	5000	00		
	3	Bills Rec.	Recd. from J. V. Upham	100	00		
	7	Thos. P. Newton	" of him on %	50	00		
	21	Bills Rec.	" " J. V. Upham	100	00		
	23	Thos. P. Newton	" " him on %	50	00		
	29	Bills Rec.	" " J. V. Upham in full	272	00	5572	00
						5572	00
Apr.	1	Balance	Amount brought down			4540	35
	4	Thos. P. Newton	Recd. of him on %	100	00		
	8	J. A. Howe	" " " "	40	00		
	17	Bills Rec.	" " Melville Watts	90	00		
	20	Bills Rec.	" " Solon Dodge	304	00		
		J. A. Howe	Recd. on %	150	00		
	22	J. R. Lewis	Recd. of him on %	60	00		
	26	Thos. P. Newton	" " " "	75	00		
	29	J. R. Lewis	" " " "	25	00	844	00
						5384	35
May	1	Balance	Amt. brought down			4422	27
	4	Thos. P. Newton	Recd. of him on %	36	50		
	5	Bills Rec.	" " Asa Pond	83	00		
	9	J. A. Howe	" " him on %	25	00		
	15	Thos. P. Newton	" " " "	30	88		
	19	J. R. Lewis	" " " "	35	22		
	22	J. A. Howe	" " " "	69	75		
	25	Bills Rec.	" from H. P. Loomis	222	00		
	27	Hiram P. Copeland	" " him on %	35	00		
	30	Mdse.	" " David Jones	6521	53	7058	88
						11481	15
June	1	Balance	Amt. brought down			10412	14

PLES THIRD AND FOURTH.

CASH PAID. Cr.

Year and Month	Day	Opposite Journal entry	Day-book entry	Money paid		Full extensions Balances Footings	
1899							
Mar.	14	F. P. Dorman	Paid him on %	200	00		
	18	Expense	Paid for sundries	11	21		
	25	B. Pay. and interest	Paid Robert Lowe	183	05		
	27	Bills Payable	Paid James White	637	39	1031	65
	31	Balance	Amount on hand			4540	35
						5572	00
Apr.	6	F. P. Dorman	Paid him on %	25	00		
	11	Expense	Paid for freight and drayage	23	86		
	13	Bills Payable	Paid our note of the 7th	336	72		
	18	Cyrus Ross	Withdraws from the business	500	00		
	25	Expense	Paid for lamp	6	50		
	29	Expense	" " rent	30	00		
		Expense	" " clerk-hire	40	00	962	08
		Balance	Amount on hand			4422	27
						5384	35
May	2	Bills Payable	Paid on our note of April 24	100	00		
	6	Cyrus Ross	Withdraws from the business	250	00		
	12	F. P. Dorman	Paid him on %	75	00		
	16	Expense	Paid sundry expenses	12	75		
	18	Bills Payable	Paid balance of our note of April 24	175	00		
	23	F. P. Dorman	Paid him to bal. %	102	67		
	26	Bills Payable	Paid our note of the 13th inst.	323	59		
	29	Expense	Paid for rent	30	00	1069	01
	31	Balance	Amt. on hand			10412	14
						11481	15

EXAMPLE V.

May 1, 1899. This is a continuation of Example IV., with the assets and liabilities shown in the balance % of that example.

ASSETS.

Cash, $4422.27; merchandise, $6372.40; bills receivable, $85.00; Thos. P. Newton, $67.38; J. R. Lewis, $35.22; J. A. Howe, $94.75.

LIABILITIES.

F. P. Dorman, $177.67. Bills payable, $275.00. Cyrus Ross' net capital, $10,624.35.

May 2. Paid cash on our note of April 24, $100.00.

May 4. Recd. cash of Thos. P. Newton, on %, $36.50.

May 5. Asa Pond has paid cash for his note of April 24. The face of note is $85.00, but we have discounted $2.00 for present payment. We receive from him cash, $83.00.

May 6. Cyrus Ross has withdrawn from the business, cash, $250.00.

May 9. J. A. Howe has paid cash on %, $25.00.

May 11. Sold Homer B. Loomis on his note at three months, 1 coupé Rockaway, $225.00.

May 12. Paid F. P. Dorman cash on %, $75.00.

May 13. Bought of Geo. Wilson, bill of carriages, on our note, at 4 months, $325.84.

May 15. Thos. P. Newton has paid cash to bal. %, $30.88.

May 16. Paid cash for sundry expenses, $12.75.

May 18. Paid cash for balance of our note of April 24, $175.00.

May 19. J. R. Lewis has paid cash to bal. %, $35.22.

May 20. Sold Hiram P. Copeland on %, 1 phaeton body-cart, $35.00.

May 22. J. A. Howe has paid cash to bal. %, $69.75.

May 23. Paid F. P. Dorman, cash to bal. %, $102.67.

May 25. Homer B. Loomis has paid his note of the 11th inst., and we have discounted $3.00 for payment before it was due. He has paid cash, $222.00.

May 26. Paid our note of the 13th inst., and received a deduction of $2.25 for payment before it was due. Paid cash for bal., $323.59.

May 27. Hiram P. Copeland has paid cash to balance his %, $35.00.

May 29. Paid cash for rent, $30.00.

May 30. Sold entire stock of mdse. for cash, $6521.53.

Dr.	Loss and Gain.			Cr.	
Discount	2	75	Mdse.	83	29
Expense	42	75			
Cyrus Ross	37	79			
	83	29		83	29

Dr.	Balance.			Cr.	
Cash	10412	14	Cyrus Ross	10412	14

Questions for Review.

In single entry, what changes are recorded? In double entry? How many accts. may there be? What is the proprietor's %? Partner's %? Personal accts.? The bills receivable %? The bills payable %? The cash %? The mdse. %? The real estate %? The interest %? The discount %? The expense %? The loss and gain %? The balance %?

What is said of debits and credits in single entry? In double entry?

How many classes of accts.? What are they? How many general principles of determining debits and credits? What is the first? How can it be stated more clearly? For what should persons be debited? Credited?

What is the second general principle? How can it be stated more clearly? More concisely? What is the third general principle? In accommodation accts., what should be debited? Credited? What is the distinguishing feature of double entry?

What is a day-book? How ruled? What in each column? What is a journal? What in each column? What is the proof of the journalizing? What of the posting?

In closing a ledger, where should gains be carried? Losses? Resources? Liabilities?

What is the first % to be opened? The last to be closed? What is the general rule for the kind of ink? What is the special rule for

the proprietor's %? Personal accts.? Cash? Mdse.? Bills receivable? Bills payable? Interest? Discount? Expense? Loss and gain? Balance?

JOURNAL-DAY-BOOK.

The day-book and journal should be kept entirely separate, until the learner thoroughly comprehends the design of each, and is able to record common business transactions in the day-book, concisely, accurately, plainly; to journalize properly, to post readily, and to close the ledger without any assistance. For this purpose, any of the examples in single entry may be used for practice in double entry; the final results, of course, being the same; while the methods differ.

After the learner thoroughly understands the theory of double entry, and is able to open, continue, and close the four principal books, — day-book, journal, ledger, and cash-book, — without any aid from the teacher, then the day-book and journal may be *united*, as in the following example.

EXAMPLE VI. JOURNAL-DAY-BOOK.

BOSTON, JUNE 1, 1899.

Page of Ledger					
	John Thomas			14513	36
	Invests as follows:				
	Real Estate, store and lot	4000	00		
	Merchandise, valued at	5000	00		
	Cash, amt. on hand	4000	00		
	Bills Receivable, Levi Lowe's note dated May 1, 1899, at 6 months, with interest at 6 %	1000	00		
	Interest, due on above note to date	5	00		
	Marcus Berry, due on %	160	00		
	Loring Higgins, " "	81	17		
	Carter Harrison, " "	267	19		
	John Thomas owes the following debts to be paid from the business	995	87		
	Bills Payable, a note favor of Peter Doton, dated April 1, @ 4 mos., for $800, with interest from date at 6 %			800	00
	Interest on above note			8	00
	Josiah Rich, due him on %			109	73
	Leander Perkins, due him on %			78	14
		15509	23	15509	23

BOSTON, JUNE 2, 1899.

		Forward	15509	23	15509	23
2		*Amos Trask*, sold him one roll-top desk *Mdse.* on %	57	50	57	50
		Cash, recd. *Carter Harrison*, on %	100	00	100	00
3		*Bills Receivable*, sold James Wilson on his note @ 60 days 1 drawing-room suite $125.00 1 parlor cabinet 135.00 *Mdse.* (without interest)	260	00	260	00
		Josiah Rich, paid him *Cash*, on %	50	00	50	00
	Page of Ledger	*Expense*, paid for *Cash*, petty expenses	13	60	13	60
		Leander Perkins, to bal. % *Discount*, 2 % off *Cash*, for difference	78	14	1 76	56 58
		Mdse., bought of New England Furniture Co. bill furniture *Bills Payable*, note 3 mos. *Cash*, for balance	376	41	300 76	00 41
		Cash, recd. of Loring Higgins *Discount*, 2 % on bill *Loring Higgins*, to bal. %	79 1	55 62	81	17
		Cash, sold C. Strong 3 office chairs @ $2.50 *Mdse.* on %	7	50	7	50
9		*Cash*, sold Leander Perkins *Leander Perkins:* 1 sofa $60 1 arm couch 44 $104 ½ cash, ½ on % *Mdse.*	52 52	00 00	104	00
			16637	55	16637	55

BOSTON, JUNE 10, 1899.

		Amount brought forward			16637	55	16637	55
10		*Expense*, paid for			5	25		
		Cash, petty expenses					5	25
		Real estate, for repairs on store			30	00		
		Cash, paid for lumber					18	00
		Marcus Berry, credited him for work					12	00
12		*Cash*, recd. of him			100	00		
		Carter Harrison, on %					100	00
		Real estate, paid insurance			20	00		
		Cash, on store building, 2000 @ 1 %					20	00
		Bills payable. Paid our note, favor of New England Furniture Co.			300	00		
		Discount, 6 % off for 2 months, 23 days, for payment before it was due					4	15
		Cash, for balance of note					295	85
		Carter Harrison, sold him on %			451	00		
		1 sideboard	$85					
		1 china closet	88					
		1 dining-table	110					
		12 dining-room chairs @ $14	168					
		Merchandise					451	00
17		*Mdse.* bought of Williams Brothers, bill furniture			664	17		
		Bills payable, our note 60 days					500	00
		Cash, for balance					164	17
19		*Bills receivable*, sold Soloman Cavis, on his note at 60 days, with interest at 6 %			264	00		
		Drawing-room suite	$225					
		Library-table	39					
		Mdse.					264	00
21		*Cash*, net proceeds of James Wilson's note paid before it was due			258	22		
		Discount			1	78		
		Bills receivable, face of note					260	00
					18731	97	18731	97

BOSTON, JUNE 21, 1899.

	Forward			18731	97	18731	97
21	*Cash*, to bal. %			148	00		
	Marcus Berry					148	00
	Cash, net proceeds of note, secured by mortgage given to the First Nat. Bank, payable in 60 days from date at 6 %			1980	00		
	Interest, 60 days in advance			20	00		
	Mortgage payable, face of note					2000	00
22	*Cash*, to bal. %			57	50		
	Amos Trask					57	50
	Insurance, paid on mdse.			25	00		
	Cash, 1¼% on $2000					25	00
	Amos Trask, sold him on %, 30 days			47	50		
	1 bank chair	$27.50					
	1 office table	20.00					
	Mdse.					47	50
26	*Loring Higgins*, sold him on %			103	00		
	1 brass bedstead	$45					
	2 iron bedsteads @ $10	20					
	1 child's crib	18					
	1 dressing cabinet	20					
	Mdse.					103	00
	Bills payable, paid our note favor of Williams Brothers			500	00		
	Discount, 51 days at 6%					4	25
	Cash, for balance					495	75
28	*Cash*, on %			200	00		
	Carter Harrison					200	00
	Marcus Berry, sold him on %			104	00		
	1 combination bookcase	$48					
	1 music cabinet	21					
	1 brass easel	18					
	1 parlor lamp	17					
	Mdse.					104	00
				21916	97	21916	97

BOSTON, JUNE 30, 1899.

		Forward	21916	97	21916	97
30		*Cash*, recd. for rent of office *Real estate*, in store building	20	00	20	00
		Real estate, paid tax *Cash*, on store and lot	40	00	40	00
		Expense, paid salaries *Cash*, and other expenses	162	75	162	75
			22139	72	22139	72

Resources not shown in the ledger, to be credited to the proper accts. with red ink, and carried to the debit side of the balance % before the ledger is closed.

Real estate, estimated value		$4000.00
Merchandise, estimated value		$5000.00
Interest due on Levi Lowe's note, 2 months @ 6% .	$10.00	
" due on S. Cavis' note, 11 days @ 6%	.48	
" prepaid on mortgage, 54 days @ 6% . . .	$17.00	$27.48

Liabilities not shown in ledger to be debited to interest % and carried to credit side of balance % before closing the ledger.

Interest due on our note favor of Peter Doton, 3 months at 6% $12.00

When the books are all correctly closed, the net capital will be $13,603.85.

EXAMPLE VII.

MEMORANDA.

The learner will write out the following memoranda, using the previous example as a model.

July 1, 1899. John S. Porter and Robert Long form a partnership under the firm name of "Porter and Long," as dealers in bicycles and bicycle-furnishings. John S. Porter invests his store and lot, $5000.00; a note signed by Abraham Carter, dated Jan. 1,

1899, for $1000.00, payable in one year, with interest at 6% from date; a note, signed by Albert Towle, dated April 1, 1897, for $250.00, payable in 6 months at 5%; an % against Lincoln & Spencer for $128.14; an % against Alonzo Brackett for $67.29.

The firm assumes to pay for John S. Porter, a note favor of Lyman York, dated March 1, 1899, for $900.00, payable 8 months from date, with interest at 7 %; a note favor of Freeman Little, dated May 1, 1899, for $400.00, at 4 months, with interest at 4% from date; an % favor of Edwin Adams, for $79.14; an % favor of Peter Doyle, for $73.41.

Robert Long invests mdse. valued at $4281.34; cash, $3000.00; a note signed by Simon Woodman for $450.00, dated June 1, with interest at 6%; an % against David & Watts for $74.11; and an % against Alden Fellows for $33.55; an % against Luther Pollard for $61.72.

The firm assumes to pay for Robert Long, a note favor of Luther Springer, dated June 1, 1899, for $300.00, with interest at 4% from date; an % favor of David Monroe for $27.34; an % favor of Roscoe Pelton for $86.72.

July 3. Sold Alden Fellows on %, 6 nickel-plated bicycle search-lights, number 10, at $5.00; 6 no. 40 @ $3.25; 3 no. 60 @ $2.25. Paid Roscoe Pelton cash on %, $50.00.

July 4. Sold David & Watts on %, ½ doz. bicycle wrenches @ $12.50; 1 doz. bicycle locks, $6.00; 6 spiral spring saddles @ $4.50.

Received cash of Luther Pollard on %, $40.00.

Paid cash for petty expenses, $5.75.

Sold Peter Doyle on %, Remington bicycle, $100.00.

July 5. Sold Moses Riley, for cash, 4 doz. trouser-guards @ $2.25; 3 display stands @ $1.25; 8 wall brackets @ 25¢; 4 air-brakes @ $3.50. Paid John S. Porter cash on private %, $14.75. David & Watts have paid cash on %, $50.00.

July 6. Paid for insurance on store, $25.00. Sold Alonzo Pearson on his note at 4 months, 2 Eagle bicycles @ $100.00; 2 boys' bicycles @ $40.00. Paid Robert Long cash on private acct., $8.50.

July 7. Lincoln & Spencer have paid cash to bal. %, less dis. 6%. Sold David Monroe on %, 6 hand pumps @ 50 cts.; 6 foot pumps @ $1.25; 8 lever pumps @ $7.50; 4 tornado pumps @ $4.25. Paid John S. Porter cash on private %, $4.87.

July 8. Paid for petty expenses, $3.21. Paid note favor of Luther Springer, with interest to date.

July 10. Sold Alonzo Brackett on %, 2 prs. single tube tires @ $12.00; 2 prs. juvenile tires @ $7.00; 1 pr. tandem tires $15.00.

July 11. Sold Lincoln & Spencer on %, 1 doz. single stroke bells @ $4.50; 2 doz. double stroke bells @ $6.00. Sold Wm. P. Dewey for cash, 3 alarm gongs @ $5.00; 2 tandem bells @ $1.50.

July 12. Alonzo Pearson has paid cash for his note, less dis. off 3%. Bought of Eagle Bicycle Co. bill of mdse. on our note at 4 months, without interest, $475.00.

July 13. Alden Fellows has paid cash on %, $50.00. Sold Edwin Adams on %, 1 search-light, $5.00; 1 automatic alarm gong, $5.00; 1 flat-spring saddle, $4.50.

July 14. Paid cash for insuring mdse. in store, $28.50 (charge to expense %). Sold Lincoln & Spencer on %, ⅓ doz. bicycle watches @ $15.00; 2 doz. bicycle brushes @ $3.00; 4 doz. dress guard laces @ $2.50; 2 doz. repair outfits @ $6.00; 1 doz. enamel polish, $3.00.

July 15. Sold Charles Martel, for cash, 1 tool bag, 75 cts.; 1 tourist bag, $1.50; 1 safety oiler, 25¢; 1 doz. chain compound, $2.75. Recd. cash from Alonzo Brackett on %, $75.00.

July 17. Sold Peter Doyle on %, 1 doz. tourist bags, $15.50; 1 doz. oilers, $2.50. Paid John S. Porter on private %, $12.50.

July 18. Bought of Wentworth & Co. for cash, bill goods, $342.17. Paid Robert Long cash on private %, $7.25.

July 19. Sold Roscoe Pelton on %, 1 tally-ho search-light, $5.25; 1 single stroke bell, 50 cts.; 1 automatic alarm gong, $5.00; 1 wrench, $1.00; 2 padlocks @ 55 cts.

July 20. Recd. cash of David & Watts on %, 40.00. Paid note favor of Freeman Little, with interest at 4% to date.

July 21. Sold Luther Pollard on %, ¼ doz. bicycle wrenches @ $9.00; ½ doz. padlocks @ $5.50; ½ doz. cyclometers @ $15.00; 2 doz. trouser-guards @ $3.50; ⅓ doz. luggage carriers @ $12.00; ½ doz. grips @ $4.50; 1/6 doz. handle-bars @ $36.00. Paid cash for expenses, $1.18.

July 22. Recd. cash of Peter Doyle on %, $25.00.

July 24. Bought of American Machine Co., bill bicycles and furnishings, on our note at 60 days, $263.13. Paid our note favor Eagle Bicycle Co., less discount for 3 months and 18 days, at 6%.

July 26. Paid blacksmith's bill for Robert Long and charged the same to his private %, $11.41. Simon Woodman has paid his note with interest to date.

July 27. Sold Roscoe Pelton on %, 1 pr. single tube bicycle tires, $9.50; 1 pr. double tube tires, $10.50; 1 spiral-spring saddle, $5.00. Luther Pollard pays cash on %, $35.00.

July 28. Recd. cash of Alden Fellows on %, $25.00.

July 29. Recd. cash of Roscoe Pelton to bal. %. Sold Edwin Adams on %, 1 doz. guard laces, $2.40; 1 doz. repair outfits, $3.25; 2 doz. tire brushes @ $2.50; 1 doz. bottles lubricating oil, $2.00. Paid our note favor American Machine Co., less discount for 55 days, at 6%.

July 31. Paid for salaries and expenses, $157.37. Real estate at closing, estimated value, $5000.00; mdse., estimated value, $4500.00. Net capital at closing, $12187.00.

Wholesale Business.

The following example will illustrate the most common and convenient method of recording the transactions of a wholesale business by *double entry.*

The journal-day-book is similar to the one explained in the last form. In it an % is kept with the partners of their investments, and of such other transactions as cannot well be recorded in the other books of original entry.

The invoice-book is a book in which a record is made of all mdse. bought. It has two sets of money columns; the first, for short extensions, the second, for full extensions.

Mdse. bought for cash is short extended, and carried to the credit side of the cash-book. Mdse. bought on % or for note is full extended and *posted* to the credit side of the proper accts., but the total footing of the last set of columns is *posted* to the *debit* side of the mdse. %.

The sales-book is a book in which a record is made of mdse. sold. Mdse. sold for cash is short extended, and carried to the debit side of the cash-book. Mdse. sold on %, or for note, is full extended, and *posted* to the *debit* side of the proper accts.; but the total *footing* of the last set of columns is *posted* to the *credit* side of the mdse. %.

The cash-book is somewhat similar to the one already explained. On the left-hand page is a record of all cash received; on the right, of all cash paid. There are three sets of money columns on each page: on the debit, for mdse., sundries, and balances; on the credit, for expense, mdse., and sundries.

Closing the Cash-Book.

To close the cash-book, foot the mdse. columns of the left-hand page, and carry the amount to the sundries columns; foot the sun-

dries columns, and carry the amount to the balance columns; foot the balance columns.

Foot the expense columns of the credit side, and carry the footing to the sundries columns; foot the mdse. columns, and carry the footing to the sundries columns; foot the sundries columns; write the amount on hand in the sundries columns, and balance the % in the usual manner.

Posting the Cash-Book.

To post the debit side.

1. Place a check mark before all the items of mdse., to indicate that they are to be posted in the total footing of the mdse. columns.
2. Post all the items of the sundries column to the credit sides of the proper accts.
3. Post the total of the mdse. columns to the credit side of the mdse. %.
4. Post the footing of the sundries columns to the debit side of the cash %.

To post the credit side.

1. Place a check mark before all the items of expense, to show that they are to be posted in the footing of the expense column.
2. Place a check mark before all the items of mdse., for a similar reason.
3. Post all the items of the sundries columns to the debit sides of the proper accts.
4. Post the footing of the expense columns to the debit side of the expense %.
5. Post the footing of the mdse. columns to the debit side of the mdse. %.
6. Post the footing of the sundries columns to the credit side of the cash %.

It will be observed that the cash-book of this form is a journal-day-book-cash-book. All the *items* on the left-hand page are *credits;* but the *total footing* is a *debit.* All the *items* on the right-hand page are *debits;* but the *total footing* represents all the cash paid out and is a *credit.*

It will be noticed that when an allowance is made in the payment of a note, or in the settlement of an %, the *face* value is placed on *one* side of the cash-book, and the amount of the *discount* on the *other.*

EXAMPLE VIII.

PARTNERSHIP.

Journal-Day-Book, Invoice-Book, Sales-Book, Cash-Book.

Posting from these four books of original entry.

JOURNAL-DAY-BOOK.

Levi A. Thornton and Seth J. Byron form a partnership this day under the firm title, Thornton & Byron, as dealers in carpets, rugs, draperies, etc., each partner to receive 6% on his net investment, and then to share the gains and losses equally.

BOSTON, MASS., JULY 1, 1889.

		Cash	Per cash-book	1127	62		
		Mdse.	Per inventory	7968	24		
		Bills receivable	Notes per B. B.	1200	00		
		Interest	Due to date	15	00		
		Wiley & Foss	Due on %	134	17		
		Isaac Hooper	Due on %	321	93		
		Levi A. Thornton	Total investment			10766	96
		Levi A. Thornton	Debts assumed	766	96		
		Bills Payable	Notes outstanding			475	87
		Interest	Due on notes			3	81
		Dole Carpet Co.	Due on %			287	28
		Cash	Per cash-book	8000	00		
		Seth J. Byron	Invested			8000	00
July	31	*Interest*	6% on net capital	85	50		
		Levi A. Thornton	10,000 one month			50	00
		Seth J. Byron	average int. for month			35	50
				19619	42	19619	42

EXAMPLE VIII. INVOICE-BOOK.

BOSTON, MASS., JULY 1, 1899.

	Paid	WHITNEY MORGAN & Co., Cash 312½ yds. Wilton carpeting @ $2 $625 300 yds. Lowell Wilton carpeting @ $1.50 450	1075	00		
6		DOLE CARPET Co. On % 213 yds. Brussels stair carpet @ $1.00	213	00		
		250 yds. Jute stair carpet @ .21	52	50	265	50
11		BILLS PAYABLE, Note, 4 months 24 prs. Swiss lace curtains 12 56-inch, 3½ yds. @ $6.00	72	00		
		12 60-inch, 3¾ yds @ $7.00	84	00	156	00
15	(Page of Ledger)	LEE, MOTT, & Co. On % 24 Cairo art squares 14 2 × 3 @ $6.75	94	50		
		10 4 × 5 @ $14.75	147	50	242	00
18		BILLS PAYABLE, Note with interest 5 Kensington art squares @ $6.50	32	50		
		3 Kensington art squares @ $12.00	36	00	68	50
20		BILLS PAYABLE, Note 90 days 420 yds. oil cloth carpet @ 30¢	126	00		
		36 oil cloth mats @ 75¢	27	00	153	00
22	Paid	LELAND & Co. Cash 236 yds. extra super carpet @ 62¢	146	32		
24	Paid	JULIUS MCLAIN Cash 250 yds. matting @ 20¢ $50.00 400 yds. lining @ 4¢ 12.00	62	00		
25		WHITNEY, MORGAN, & Co. On % 317 yds. carpeting @ $1.33			421	61
27	Paid	LELAND CARPET Co. Cash 250 yds. wool ingrain @ 50¢ $125.00 250 yds. straw matting @ 25¢ 62.50	187	50		
29		BILLS PAYABLE, Note 24 assorted mats @ $3.50			84	00
	Paid	STAR MANUFACTURING Co. Cash 10 Persian rugs @ $5.85	58	50		
		Merchandise, Dr. (Purchases on time)			1390	61

EXAMPLE VIII. SALES-BOOK.

BOSTON, MASS., JULY 3, 1899.

		BETHLEHEM HOTEL CO. On %			
		264 yds. carpeting @ 93⅓¢	246	40	
		146 yds. carpeting @ 62¢	90	52	336 92
10	Paid	CHARLES F. ALLEN Cash			
		6 Smyrna Rugs @ $2.04	12	24	
11		BILLS RECEIVABLE, Note, 4 months			
		4 pairs lace curtains @ $10.00			40 00
13	Paid	JOSEPH B. SCOTT Cash			
		33 yds. Royal English Wiltons @ $2.50	82	50	
17		THOMAS HUNTER On %			
		36 yds. velvet carpeting @ $1.50	54	00	
		20 yds. border @ $1.50	30	00	84 00
20		BILLS RECEIVABLE, Note, 10 days			
		61 yds. Scotch Axminster @ $2.75	167	75	
		1 carpet sweeper	1	25	169 00
22	(Page of the Ledger)	GEO. E. BACON On %			
		37 yds. ingrain @ 72¢			26 64
24		ISAAC HOOPER On %			
		1 Turkey rug	17	00	
		2 India rugs @ $14.25	28	50	45 50
25		ANDREW CONANT On %			
		40 yds. Marquette carpet @ $1.50			60 00
26		BILLS RECEIVABLE, Note on demand			
		76 yds. Brussels @ $1.40	106	40	
		60 yds. tapestry @ .90	54	00	160 40
27	Paid	EDWIN HOLBROOK Cash			
		12 pairs lace curtains @ $9.00	108	00	
29		BILLS RECEIVABLE, Note			
		37 yds. Scotch Axminster @ $2.75	101	75	
		1 carpet sweeper	3	25	105 00
31	Paid	WILLIAM CATE Cash			
		Sold him entire stock of mdse.	10028	00	
					1027 46

CASH. TO SUNDRIES.

Date	L. F.	Journal		Mdse.		Sundries		Balances	
1899									
July 1		Investment of	L. A. Thornton					1127	62
		Investment of	Seth J. Byron					8000	00
4		Isaac Hooper	on %			50	00		
8		Wiley & Foss	on %			75	00		
	√	Mdse.	Sold C. F. Allen	12	24				
10		Isaac Hooper	on %			100	00		
13	√	Mdse.	Sold J. B. Scott	82	50				
15		Bills Receivable	Recd. of D. B. Floyd			600	00		
		Interest	on above note			7	51		
17		Bethlehem Hotel Co.	on %			112	00		
19		Thos. Hunter	on %			42	00		
22		Bills Rec.	Recd. from R. G. Whipple			600	00		
		Interest	on above note			8	22		
23		Bethlehem Hotel Co.	on %			142	00		
24		Wiley & Foss	on %			25	00		
		Isaac Hooper	on %			150	00		
25		Thos. Hunter	to bal. %			42	00		
		Bills Rec.	Maurice Kirby's note			40	00		
27		Isaac Hooper	on %			45	50		
		Discount	on our note favor of J. Shepherd			2	70		
	√	Mdse.	Sold to E. Holbrook	108	00				
29		Wiley & Foss	to bal. %			34	17		
		Discount	on our note favor Dole Carpet Co.			2	07		
30		Bills Rec.	D. J. Waller's note			169	00		
		Isaac Hooper	to bal. %			21	93		
		Bills Rec.	A. L. Riggs's note			160	40		
31		Andrew Conant	to bal. %			60	00		
	√	Mdse.	Sold Wm. Cate	10028	00				
		Bills Rec.	W. H. Spray's note			105	00		
		Beth. Hotel Co.	to bal. %			82	92		
		Geo. E. Bacon	to bal. %			26	64		
		Mdse. Cr.	Sold for cash	10230	74	10230	74		
		Cash Dr.	Total receipts			12934	80	12934	80
								22062	42
Aug. 1	√	Balance						16703	00

Sundries. To Cash.

Date		Journal	Day-Book	Expense		Mdse.		Sundries	
1899									
July 1	√	Expense	Pd. for set of books	17	50				
	√	Mdse.	Bt. of Whitney, Morgan, & Co.			1075	00		
3		Dole Carpet Co.	Pd. them on %					100	00
6	√	Expense	Pd. for rent	75	00				
9		Dole Carpet Co.	Pd. them on %					125	00
11	√	Expense	Pd. for stationery	4	47				
13		Seth J. Byron	Withdraws capital					1500	00
	√	Expense	Pd. gas bill	13	50				
15		Bills Payable	Pd. Lowell Carpet Co.					475	87
		Interest	Paid on above note					5	01
18		Dole Carpet Co.	Paid on %					100	00
20		Lee, Mott, & Co.	Paid on %					121	00
22	√	Mdse.	Bot. of Leland & Co.			146	32		
		Whitney, Morgan, & Co.	Pd. them on %.					175	00
24	√	Mdse.	Bot. of Julian McLain			62	00		
25	√	Expense	Pd. insurance	60	00				
		Discount	on Maurice Kirby's note						71
27		Bills Payable	Pd. J. Shepherd					156	00
		Whitney, Morgan, & Co	Pd. them on %					125	00
	√	Mdse.	Bot. of Leland & Co.			187	50		
29		Dole Carpet Co.	Pd. them to bal. %					227	78
		Bills Payable	Pd. Dole Carpet Co.					153	00
	√	Mdse.	Bt. of Star Mfg. Co.			58	50		
		Lee, Mott, & Co.	Pd. to bal. %					121	00
31		Bills Payable	Pd. Shaub, Raub & Co.					68	50
		Interest	Due on above note						15
		Whitney, Morgan, & Co.	To bal %					121	61
		Bills Payable	Pd. Star Mfg. Co.					84	00
		Expense Dr.	Total for month	170	47			170	47
		Mdse. Dr.	Bot. for cash			1529	32	1529	32
		Cash Cr.	Total paid					5359	42
		Amount	on hand					16703	00
								22062	42

TRIAL BALANCE.

Dr.			Cr.	
766	96	Levi A. Thornton	10816	96
1500	00	Seth J. Byron	8035	50
22062	42	Cash	5359	42
10888	17	Merchandise	11258	20
1674	40	Bills Receivable	1674	40
105	66	Interest	19	54
134	17	Wiley & Foss	134	17
367	43	Isaac Hooper	367	43
937	37	Bills Payable	937	37
552	78	Dole Carpet Co.	552	78
242	00	Lee, Mott, & Co.	242	00
421	61	Whitney, Morgan, & Co.	421	61
336	92	Bethlehem Hotel Co.	336	92
84	00	Thomas Hunter	84	00
26	64	Geo. E. Bacon	26	64
60	00	Andrew Conant	60	00
	71	Discount	4	77
170	47	Expense		
40331	71		40331	71

PROOF OF THE POSTING OF THE LEDGER.

1.	Total footing of journal-day-book	19619	42
2.	" " " last columns of invoice-book	1390	61
3.	" " " last columns of sales-book	1027	46
4.	" " " sundries columns of debit side of cash-book	12934	80
5.	Total footing of sundries columns of credit side of cash-book	5359	42
		40331	71

LOSS AND GAIN.

Dr.				Cr.			
Interest		86	12	Mdse.		370	03
Expense		170	47	Discount		4	06
L. A. Thornton		58	75				
Seth J. Byron		58	75				
		374	09			374	09

BALANCE.

Dr.			Cr.		
Cash	16703	00	L. A. Thornton	10108	75
			Seth J. Byron	6594	25
	16703	00		16703	00

EXAMPLE IX.

August 1, 1899. Henry W. Brown invests as follows: cash, $147.32; mdse., $3651.60; H. C. Crane's note, $78.62; Charles T. Hall's note, $84.96; % against Samuel C. Wade, $138.83; % against Pease & Blagdon, $117.13; an % against Davis, Rice, & Co., $92.34.

The firm assumes to pay for Henry W. Brown, a note favor of Daniel Everett, $81.07; Whittemore & Keith on %, $74.67; F. A. Parker & Co. on %, $67.91; J. H. Durgin & Son on %, $38.78; Day & Martin on %, $48.37.

Henry B. Bacon invests cash, $4000.00.

August 3. Paid for books for use in office, $18.92.

August 4. Bought of Woonsocket Rubber Co. on %, 12 prs. men's rubber boots @ $2.50; 12 prs. boys' @ $2.00; 12 prs. youths' @ $1.40.

August 5. Paid Whittemore & Keith cash on %, $50.00.

August 6. Sold Davis, Rice, & Co. on %, 4 cases men's tap sole boots @ $22.00; 4 cases ½ welt calf @ $21.50.

August 7. Recd. of Pease & Blagdon cash on %, $75.00.

August 8. Bought of Whittemore & Keith for cash, 60 prs. calf bals. @ $2.00; 60 prs. French cap @ $2.25.

August 10. Recd. cash for H. C. Crane's note, $78.62.

August 11. Sold Mason Graves for cash, 12 prs. sewed buff bals. @ $1.75; 24 prs. kip brogans @ $1.30.

August 12. Paid cash for stationery, $7.46.

August 14. Paid cash for note favor Daniel Everett, $81.07.

August 15. Bought of National Rubber Co. on note, 36 prs. men's rubber boots @ $2.50; 60 prs. imitation sandals @ 35¢; 24 prs. children's rubber boots @ 90¢.

August 17. Paid F. A. Parker & Co. cash on %, $40.00.

August 18. Sold Nathan Wright on note, 12 prs. dongola button boots @ $2.25; 24 prs. foxed button @ $2.10; 36 prs. pebble goat @ $1.20.

August 19. Recd. cash of Davis, Rice, & Co. on %, $125.00.

August 21. Bought of J. H. Durgin & Son for cash, 12 prs. calf button boots @ $2.15; 36 prs. buff @ $1.35.

August 24. Paid Woonsocket Rubber Co. cash to bal. %, $70.80.

August 25. Sold Thomas C. Green for cash, 36 prs. sandals @ 35¢; 12 prs. misses' rubber boots @ $1.20; 12 prs. tennis Oxfords @ $1.50.

August 26. Paid Whittemore & Keith cash to bal. %, $24.67.

Charles T. Hall has paid cash for his note, $84.96.

August 28. Bought of F. A. Parker & Co. on %, 60 prs. children's heeled boots @ 70¢; 60 prs. pearl goat, no heel, @ 60¢; 60 prs. wedge heel @ 50¢.

August 29. Sold Leonard Morton for cash, 12 prs. calf bals. @ $3.00; 24 prs. children's rubber boots @ $1.05.

August 31. Samuel C. Wade has paid cash on %, $100.00.

Paid cash for sundry expenses, $75.38.

Inventory of mdse. at closing $4100.00.

Dr. TRIAL BALANCE. Cr.

310	80	H. W. Brown	4330	80
		H. B. Bacon	4020	00
4769	30	Cash	697	70
4292	40	Mdse.	453	00
284	18	Bills Receivable	163	58
138	83	S. C. Wade	100	00
117	13	Pease & Blagdon	75	00
266	34	Davis, Rice, & Co.	125	00
81	07	Bills Payable	213	67
74	67	Whittemore & Keith	74	67
40	00	F. A. Parker & Co.	175	91
		J. H. Durgin & Son	38	78
		Day & Martin	48	37
70	80	Woonsocket Rubber Co.	70	80
101	76	Expense		
40	00	Interest		
10587	28		10587	28

Dr. LOSS AND GAIN. Cr.

Interest	40	00	Mdse.	260	60
Expense	101	76			
H. W. Brown	59	42			
H. B. Bacon	59	42			
	260	60		260	60

Dr. BALANCE. Cr.

Cash	4071	60	Bills Payable	132	60
Mdse.	4100	00	F. A. Parker & Co.	135	91
Bills Rec.	120	60	J. H. Durgin & Son	38	78
S. C. Wade	38	83	Day & Martin	48	37
Pease & Blagdon	42	13	H. W. Brown	4079	42
Davis, Rice, & Co.	141	34	H. B. Bacon	4079	42
	8514	50		8514	50

The learner will now write out the Fifteenth and Sixteenth Examples of Single Entry according to the Double Entry method explained above, and notice carefully the differences between the two methods. The final results, of course, will be the same.

Questions for Review.

What is said of wholesale business? What is a journal-day-book? How does it differ from the journal? From the day-book? What transactions should be recorded in the journal-day-book in wholesale business?

What is an invoice-book? How is it ruled? How many sets of money columns? The first set for what? The second? What record should be made when mdse. is bought for cash? When bought on %? When bought for note? What amounts should be carried to the cash-book? What ones posted to the ledger? Which set of columns should be footed? Where should the footing be posted?

What is a sales-book? How ruled? How many sets of money columns? For what is the first set? The second? What entry is made when mdse. is sold for cash? For note? On %? What items should be carried to the cash-book? What posted? Which set of columns should be footed? Where should the footing be posted? How do the invoice-book and the sales-book differ?

What is a cash-book? What is the difference between a cash-book in wholesale business, and in common double entry? How many sets of money columns in the cash-book, for wholesale business, on the debit side? What should be written in each? How many on the credit side? What in each? How should the cash-book be closed? How posted? Why make a check mark before all the items of mdse.? Why post the footing rather than the items?

Explain the reason of the debits equalling the credits on the debit side of the cash-book. On the credit side? What is said of all the *items* on the debit side? Of the *footing?* What of the *items* on the credit side? Of the *footing?* When an allowance is made in the payment of a note, or in the settlement of an %, what *two* entries must be made? Why use the *face* value in these cases rather than the *cash* value?

Special-Column Journal-Day-Book.

When the nature of a business is such that a large number of items are to be posted to the same %, the work may be greatly abridged by writing such items in special columns, and posting the *footings* at the end of the month.

The *number* of these special columns varies according to the kind of transactions to be recorded.

The journal-day-book entry is written in the centre of the page, the debits on the left, the credits on the right.

In the following example is shown a concise method of recording the business transactions of a dairyman. He ships his butter, Mondays and Thursdays, to Cook & Co., and charges them, as per contract, 25 cts. per pound, on %. He pays cash for express on each shipment, 35 cts. as per agreement with the company.

Hence there will be two debits, — Express and Cook & Co., — and two credits, — Cash and Butter, — every time he sends butter to Boston.

So also in regard to milk, which he sells by means of tickets — each ticket representing a quart of milk. These are invariably sold for cash, and taken up when the milk is delivered. The amount received for tickets is entered twice a week, when the entry is made in regard to the butter. There will be one debit, — *Cash*, — and one credit, — *Milk*, — and these can be written in the special columns.

But as there will be other items for which there are no special columns, there must be a debit and credit set for sundries.

Thus, in this example, we have four sets of debit columns, — Expense, Cook & Co., Cash, and Sundries, — and four sets of credit columns, — Sundries, Cash, Butter, and Milk.

The *items* in the sundries columns should be posted daily, the *footings* of the special columns, at the close of the month.

The sum of the footings of all the debit columns must be equal to the sum of the footings of all the credit columns.

The inside column on each side is for the pages of the ledger to which the items are posted.

The date is written in the centre of the page.

EXAMPLE X.

January 2, 1899.

Ex-press	Cook & Co.	Cash	Sun-dries	Journal-Day-Book	Sun-dries	Cash	Butter	Milk
			4000 00	Farm, estimated value				
			1200 00	Livestock, estimated value				
			400 00	Apparatus, estimated value				
			250 00	Feed, cost				
		730 00		Cash on hand				
				Proprietor, invested	6580 00			
				5				
35	16 00			Butter, 64 lbs. @ 25¢		35	16 00	
		3 70		Milk, 74 tickets @ 5¢				3 70
			30 00	Livestock, Dr. Bought cow		30 00		
				7				
35	10 50			Butter, 42 lbs. @ .25		35	10 50	
		3 10		Milk, 62 @ .05				3 10
				12				
35	16 75			Butter, 67 lbs. @ .25		35	16 75	
		4 50		Milk, 90 @ .05				4 50
			48 00	Feed, Dr. Bought 3 tons @ $16		48 00		
				14				
35	11 25			Butter, 45 lbs. @ .25		35	11 25	
		3 45		Milk, 69 @ .05				3 45
		40 00		Cook & Co., Cr. By cash on %	40 00			
				19				
35	17 50			Butter, 70 lbs. @ .25		35	17 50	
		4 35		Milk, 87 @ .05				4 35
		7 00		Livestock, Cr. Sold calf	7 00			
				21				
35	10 00			Butter, 40 lbs. @ .25		35	10 00	
		3 35		Milk, 67 @ .05				3 35
			3 75	Expense, Dr. Paid for cans		3 75		
				26				
35	17 75			Butter, 71 lbs. @ .25		35	17 75	
		4 60		Milk, 92 @ .05				4 60
			40 00	Feed, Dr. 2 tons meal		40 00		
				30				
35	12 00			Butter, 48 lbs. @ .25		35	12 00	
		3 25		Milk, 65 @ .05				3 25
		50 00		Cook & Co., Cr. Cash on %	50 00			
2 80	111 75	857 30	5971 75		6677 00	124 55	111 75	30 30
			857 30	Cash, Dr. Cash, Cr.	124 55			
			111 75	Cook & Co , Dr. Butter, Cr.	111 75			
			2 80	Express, Dr. Milk, Cr.	30 30			
			6943 60		6943 60			

The learner will now post all the *items* from the *sundries* columns, and the *footings* from the *special* columns. Then make trial balance, and close the ledger; reckoning the *farm*, *livestock*, and *apparatus* at *cost;* and the *feed* on hand at $250.00.

Dr. LOSS AND GAIN. Cr.

1899				1899			
Jan. 31	Feed	88	00	Jan. 31	Butter	111	75
	Expense	3	75		Milk	30	30
	Express	2	80				
	Proprietor	47	50				
		142	05			142	05

Net Capital at closing $6627.50

EXAMPLE XI.

This is a continuation of Example X., and should be written out and closed according to the preceding form.

The gains, of course, are from butter and milk; the losses, from feed, expense, and express. All these should be closed into Loss and Gain Acct.

Let the inventory of property be as in the last month.

Feb. 2, 1899. Shipped to Cook & Co., 69 lbs. butter, and sold 76 tickets for milk.

Feb. 4. Shipped 41 lbs. butter, and sold 96 tickets.

Bought 2 tons hay at $15.00.

Feb. 9. Shipped 65 lbs. butter, and sold 100 tickets.

Feb. 11. Shipped 52 lbs. butter, and sold 82 tickets.

Sold heifer for cash, $15.00.

Feb. 16. Shipped 72 lbs. butter, sold 98 tickets.

Feb. 18. Shipped 56 lbs. butter, sold 84 tickets.

Bought 3 tons feed @ $17.00.

Feb. 23. Shipped 78 lbs. butter, sold 105 tickets.

Bought 1 cow for cash, $40.00.

Feb. 25. Shipped 60 lbs. butter, sold 90 tickets.

Recd. cash of Cook & Co. on %, $50.00.

Feb. 28. Shipped 80 lbs. butter, sold 50 tickets.

Recd. cash of Cook & Co. on %, $60.00.

Paid for labor and other expenses, $62.00.

Net capital at closing, $6,663.65.

Six-Column Journal.

For common retail business, a six-column journal is frequently used. The two *outside* columns are for *merchandise*, bought and sold; the *middle* ones for *cash*, paid and received; the *inside* ones, for sundry *debits* and *credits*.

The following example will show the advantage of using the six-column journal in recording common business transactions.

EXAMPLE XII.

Mdse.	Cash	Sundries	October 2, 1899.	Sundries	Cash	Mdse.
	3000 00	4000 00	*Real Estate* *Cash* Invested *Mdse.*			
3800 00			Louis S King	10800 00		
			4			
	480 00		*Cash* To *Mdse.* Sold J. P. Rollins 40 M pine boards @ $12.00			480 00
			7			
750 00			*Mdse.* To *Cash* Bought of Wm. C. Cate 30 M spruce flooring @ $25.00		750 00	
			11			
		45 00	*John B. Swift* To *Mdse.* Sold him 10 M shingles @ $4.50			45 00
			14			
		150 00	*Bills Receivable* To *Mdse.* Sold Chester Park 12 M hemlock boards @ $12.50			150 00
			16			
475 00			*Mdse.* To *Bills Payable* Bought of Johnson Brothers 50 M clapboards @ $9.50	475 00		
			19			
	20 00		*Cash* To *John B. Swift* Recd. on %	20 00		
			21			
		5 75	*Expense* To *Cash* Paid for sundries		5 75	
			25			
	150 00		*Cash* To *Bills Receivable* Chester Park has paid note	150 00		
			27			
		308 00	*Peter Cavis* To *Mdse.* 10 M pine boards @ $12.50 10 M hemlock boards @ $11.25 5 M clapboards @ $10.50 4 M shingles @ $4.50			308 00
			28			
		475 00	*Bills Payable* To *Cash* Paid our note of the 16th		475 00	
			30			
		7 50	*Expense* To *Cash* Paid sundry expenses		7 50	

Page of Ledger

Page of Ledger

Net capital at closing, $10,744.75.

The learner will close the above journal, post, make trial balance, and close the ledger with Loss and Gain and Balance accts.

The amt. of mdse. on hand is estimated at $4000.00. The learner will now write out the Sixth and Seventh Examples of Double Entry by this method, and notice the difference.

Questions for Review.

When a large number of items are to be posted to the same %, how may the work be abridged? How many special columns may there be? In the special-column journal, where is the journal-day-book entry written? Where the date? Where the debits? Where the credits? Where the page of the ledger to which the items are posted?

In Example X., how many sets of debit money columns? What are they? How many for credits? What are they? How often should the *items* be posted? The *footings*? What amounts should be equal in closing the work at the end of the period? Why?

For what kind of business is the six-column journal frequently used? For what are the outside columns used? The middle? The inside?

COMMISSION BUSINESS.

Commission business is business done by commission merchants.

A commission merchant is one who buys or sells merchandise on commission.

Commission is the compensation for buying or selling property for another party.

A shipment is merchandise *sent* by one party to another to be sold on commission.

A consignment is merchandise *received* from one party by another to be sold on commission.

The consignor is the person who consigns property to another party.

The consignee is the person to whom property is consigned by another party.

An account sales is a statement made by the consignee, to the consignor, of the expenses, charges, sales, and net proceeds of a consignment.

The net proceeds are the amount due the consignor, from the sales of the consignment, after all the charges have been deducted.

When merchandise is shipped to another party to be sold on commission, it still belongs to the shipper; but it should be distinguished from merchandise remaining in the store. It should not be charged to the consignee; for he has not purchased it. Hence, it is the

custom to charge such ventures to shipment account. In this case the shipment should be debited for the cost and credited for the net proceeds.

When an acct. sales of a shipment is received, the net proceeds should be credited, and closed into the loss and gain %. If the cost is *less* than the net proceeds, there is a gain; if *more*, there is a loss.

Sometimes goods are shipped from one party to another, to be sold on *joint* accts., and risk of the consignor and the consignee, to share alike in the gains and losses.

Such ventures are called **Joint Shipments.** In such cases, the consignee adjusts the gains and losses, and remits the net proceeds; so that the entries in the consignor's books differ in no respect from those of a common shipment.

Hence, we have the following

RULES FOR SHIPMENTS.

I. Debit shipment acct. for the value of the merchandise shipped, and the expense incurred — *for the whole cost.*

II. Credit shipment acct. for the net proceeds of the sales.

III. Close shipment acct. into the loss and gain acct.

If the ledger is closed before the returns from a shipment have been received, the acct. should be closed into balance acct.

When shipments are made to the same party frequently, or at stated intervals, all such shipments may be classed under one general acct., and closed at the end of the month.

But if it is thought best to keep each venture separate, then they may be distinguished by numbers.

The Outward Invoice.

Whenever a shipment is made, the consignor should advise the consignee of the fact, by mail or otherwise, giving him such instructions as are necessary in regard to the disposal of the goods.

This may be done by a letter, informally stating the amount of mdse. shipped, or, by a formal outward invoice, giving cost of goods and expenses incurred.

EXAMPLE XIII.

Portland, Maine, Jan. 2, 1899.

The student will consider himself as the proprietor, and credit himself for the investment.

The student invests cash, $941.17; mdse., $1750.00.

Jan. 4. Shipped to Hobert Brothers, Boston, 4 tubs butter, 34, 37, 35, 33 = 139 lbs. @ 23¢. (Debit shipment to Hobert Bros. #I, and credit mdse.)

Jan. 6. Shipped Lenox & Co., Haverhill, Mass., 4 tons baled hay @ $16.00, which we have purchased of B. J. Howe on %.

Paid cash for drawing the same, $3.50.

Jan. 10. Shipped Hobert Brothers, 50 bbls. apples @ $1.50, which we purchased of L. M. Cole, on our note at 60 days.

Paid cash for drawing the apples, $1.50.

Jan. 13. Recd. check from Hobert Brothers for net proceeds of shipment #I, $35.61.

Jan. 18. Shipped E. J. Foy, Boston, 1 case eggs, 49 dozen, @ 25¢. Paid cash for express, $1.60.

Jan. 23. Recd. acct. sales of hay shipped Lenox & Co., the 6th inst., net proceeds, $62.50, payable Feb. 6. (Credit shipment and debit Lenox & Co.)

Jan. 31. Recd. note at 30 days from Hobert Brothers for net proceeds of apples shipped them the 10th inst., $81.14.

Debit bills recd. and credit shipment #II. Inventory of mdse. at closing, $1700.00.

SHIPMENT TO HOBERT BROS., #I.

1899					1899				
Jan. 4	Mdse.		31	97	Jan. 13	Cash		35	61
31	Loss and Gain		3	64					
			35	61				35	61

SHIPMENT TO LENOX & CO.

1899					1899				
Jan. 6	Sundries		67	50	Jan. 23	Lenox & Co.		62	50
					31	Loss and Gain		5	00
			67	50				67	50

SHIPMENT TO HOBERT BROS., #II.

1899					1899				
Jan. 10	Sundries		76	50	Jan. 31	Bills Rec.		81	14
31	Loss and Gain		4	64					
			81	14				81	14

SHIPMENT TO E. J. FOY.

1899					1899				
Jan. 18	Sundries		13	85	Jan. 31	Balance		13	85

The student will close his ledger and find his net capital at closing, $2688.67.

EXAMPLE XIV.

Feb. 1, 1899. Student invests cash, $1144.83; mdse., $1975.60.

Feb. 4. Shipped Bowles Brothers, 40 bbls. potatoes @ $2.10. Paid cash for cartage on same, $1.25.

Feb. 8. Shipped J. S. Clifford, 29 bbls. apples @ $1.75. Paid drayage in cash, 75¢.

Feb. 11. Shipped Blondell & Co., 6 cases eggs, 49 dozen each, @ 24¢, which we have purchased of Lorenzo Foster on %.

Paid freight on same in cash, $2.40.

Feb. 15. Recd. cash for net proceeds of shipment to Bowles Brothers, $91.34.

Feb. 18. Shipped Bowles Brothers, 60 bbls. potatoes @ $2.15, which we purchased on our note at 30 days. Credited Walter Leighton for drayage, $1.70.

Feb. 22. Recd. from J. S. Clifford an acct. sales of the mdse. shipped him the 6th inst. Net proceeds to be charged to him, $57.13.

Feb. 24. Shipped R. C. Crofts & Co., 120 bushels oats @ 42¢.

Feb. 27. Recd. acct. sales of mdse. shipped Bowles Bros., the 19th, net proceeds, $126.30.

Half cash, and half debited on their %.

Feb. 28. Received note from Blondell & Co. for net proceeds of eggs sent them the 11th inst., $75.42.

Inventory of mdse. at closing, $2000.00.

Consignments.

Merchandise received to be sold on commission should not be credited to the consignor, because it has not been bought of him by the consignee. Hence, an acct. is kept, not with the consignor, but with the consignment. It is debited for all expense incurred, and for services rendered; and credited for receipts from sales. When the goods are all disposed of, the net proceeds should be remitted, or credited, to the consignor.

Hence, we have the following:

Rules for Consignments.

I. Debit consignment acct. for *payments* made by the consignee, for *charges* of the consignee, and for the consignor's *net proceeds.*

II. Credit consignment acct. for all receipts from sales.

Commission merchants adopt various forms for recording transactions according to the kind of business in which they are engaged, but it would be useless to attempt to illustrate all these methods in an elementary treatise.

The learner should thoroughly master the principles for making the records of a commission business, and then he will easily understand the method adopted in any set of books of which he may be called to take charge.

When there are only a few consignments, it is sometimes thought best to make no changes in the number, or forms of the books. In this case, a memorandum of the receipt of the goods is kept in a blotter and also of the sales; but all the permanent entries are made in the books already described.

It should be remarked that the consignment acct. is opened merely for *convenience*, and should be closed as soon as all the goods are sold. This is done by debiting the % for enough to balance it, and crediting the proper accts. for an equal amount.

The following example will serve to illustrate this method, in which all the original entries are first made in the journal-day-book.

EXAMPLE XV.

CONSIGNMENTS.

1899							
June 1	*Cash*	*Student*		1000 00		1000 00
	Invested.						
5	*John Brown's consgt.*	*Cash*		20 00		20 00
	Pd. freight on 100 bbls. potatoes						
9	*Carter Bros.' consgt.*	*Cash*		25 00		25 00
	Paid freight on 150 bbls. apples						
13	*Cash*	*John Brown's consgt.*		80 00		80 00
	Sold David Green 40 bbls. potatoes @ $2.00						
19	*Albert Dudley's consgt.*	*Cash*		15 00		15 00
	Paid freight on 10 tons hay						
22	*Oscar Pease*	*Carter Bros.' consgt.*		225 00		225 00
	Sold on % 100 bbls. apples @ $2.25						
24	*Cash*	*John Brown's consgt.*		120 00		120 00
	Sold Peter Wood 60 bbls. potatoes, @ $2.00						
	John Brown's consgt.	*Cartage*		180 00		2 50
	For our charges, and	*Advertising*				1 50
	for John Brown's net	*Commission*				10 00
	proceeds remitted	*Cash*				166 00
27	*Bills Rec.*	*Carter Bros.' consgt.*		120 00		120 00
	Sold S. Wells, 50 bbls. apples @ $2.40 (30 days)						
	Carter Bros.' consgt.	*Cartage*		320 00		2 00
	Our charges, and	*Storage*				1 50
	Carter Brothers' net	*Insurance*				45
	proceeds placed to	*Commission*				17 25
	their credit	*Carter Bros.*				298 80
29	*Cash*	*Albert Dudley's consgt.*		200 00		200 00
	Sold Silas Gove, 10 tons hay @ $20						
	Albert Dudley's consgt.	*Cartage*		185 00		1 00
	For our charges,	*Storage*				50
	and Albert Dudley's	*Advertising*				25
	net proceeds remitted	*Commission*				10 00
	per check	*Cash*				173 25
				2490 00		2490 00

The student will post, make trial balance, close the ledger, and make balance acct. Net capital at closing, $1046.95.

EXAMPLE XVI.

The learner will use his own name as proprietor, his own residence for the place, and the year in which the example is written out for the date.

Nov. 2. Invested cash, $1500.00.

Nov. 4. Recd. from Moses Rolfe, 6 tubs butter, 440 lbs., to be sold on his % and risk. Paid freight, 81¢.

Nov. 7. Recd. from David Luce, 5 cases eggs, 245 doz., to be sold on his % and risk. Paid freight, $1.50.

Nov. 10. Sold Charles Cross for cash, 2 tubs butter, 140 lbs. @ 26¢. (Rolfe's consgt.)

Nov. 14. Sold Chase & Co., 3 cases eggs, 147 doz. @ 27¢, for cash. (Luce's consgt.)

Nov. 17. Sold Fogg Bros. on %, 4 tubs butter, 300 lbs. @ 27¢. (Rolfe's consgt.)

The student will now close Rolfe's consgt. as in the last example, charging 5% commission on sales, but no storage, advertising, etc.

Nov. 19. Recd. from William Evans, 100 bbls. apples to be sold on comm. Paid freight, $15.00.

Nov. 21. Sold Carlos Noyes on %, 2 cases eggs, 98 doz. @ 28¢. (Luce's consgt.) The student will close the consgt., charging 5% commission, as above.

Nov. 28. Sold Gale & Swift, 100 bbls. apples @ $2.25. (Evans's consgt.) Close Evans's consgt., charging for cartage, $1.25; storage, 50¢; insurance, 30¢; advertising, 25¢; commission, 5% on sales. Close the ledger as in the last example.

Special-Column Journal.

The work of recording the transactions in connection with commission business may be greatly abridged by employing the special-column journal-day-book, as the only book of original entry, and using a memorandum-book for checking receipts and sales.

The following example illustrates the method of opening and closing consignments by making use of special columns in the journal.

On the debit side, there are two sets of money columns, — one for sundries, the other for cash. On the credit side, there are six sets, — sundries, cash, cartage, storage, advertising, commission. There might have been more or less, according to the nature of the business.

The *items* of the sundries columns should be posted daily. The *footings* of the special columns should be posted at the end of the month.

The sum of the footings of the debit columns should equal the sum of the footings of the credit columns.

The ledger does not differ from those already explained.

CONSIGNMENTS. **EXAMPLE XVII.** SPECIAL-COLUMN JOURNAL.

Cash	Sundries	L. F.	BOSTON, Dec. 1, 1899	L. F.	Sundries	Cash	Cartage	Storage	Advertising	Commission
1000 00			*Cash* Invested *Student*		1000 00					
			4							
	37 50		*Jones's Consgt.* *Cash* Freight on 100 bbls. flour from A. D. Jones			37 50				
			7							
	18 20		*Newell's Consgt.* *Cash* Frt. on 50 bbls. potatoes from J. Newell			18 20				
			9							
425 00			*Cash* *Jones's Consgt.* Sold Levi Scott 100 bbls. flour @ $4.25		425 00					
			11							
	387 50		*Jones's Consgt.* *Cash* Closed consgt. and remitted net proceeds to A. D. Jones			368 13	3 50	4 00	1 25	10 62
			13							
	15 00		*Porter's Consgt.* *Cash* Frt. on 100 bbls. apples from E. W. Porter			15 00				
			15							
	75 00		*Bills Rec.* *Newell's Consgt.* Sold J. F. Joy, 50 bbls. potatoes @ $1.50		75 00					
			18							
	56 80		*Newell's Consgt.* *Bills Payable* Closed consgt. and remitted our note for net proceeds		50 67		1 75	2 00	50	1 88
			19							
	11 25		*Rowell's Consgt.* *Cash* Frt. on 75 bbls. potatoes from D. B. Rowell			11 25				
			22							
	250 00		*Paul Davis* *Porter's Consgt.* 100 bbls. apples @ $2.50, on %		250 00					
			25							
	235 00		*Porter's Consgt.* *E. W. Porter* Closed consgt. and gave E. W. Porter credit for his net proceeds		222 75		2 75	2 50	75	6 25
			26							
120 00			*Cash* *Rowell's Consgt.* 75 bbls. potatoes @ $1.60		120 00					
			28							
	108 75		*Rowell's Consgt.* *Cash* Closed consgt. and remitted net proceeds			102 25	1 50	1 50	50	3 00
1545 00	1195 00				2143 42	✓ 552 33	✓ 9 50	✓ 10 00	✓ 3 00	✓ 21 75
	1545 00		*Cash, Dr.* *Cash, Cr.*		552 33					
			Cartage, Cr.		9 50					
			Storage, Cr.		10 00					
			Advertising, Cr.		3 00					
			Commission, Cr.		21 75					
	2740 00		*Total Debits* *Total Credits*		2740 00					

Pages of the Ledger to which the items are posted

The student will post, make trial balance, close the ledger, and find his net capital, $1044.25.

EXAMPLE XVIII.

Dec. 1, 1899. Thomas Pond invests cash, $1500.00.

Dec. 2. Recd. from J. N. Wood, to be sold on comm., 50 bbls. potatoes. Paid freight, $17.50.

Dec. 5. Recd. from W. R. Rich, to be sold on comm., 125 bbls. flour. Paid freight, $19.62.

Dec. 9. Sold T. B. Scott for cash, 50 bbls. potatoes @ $1.75. (Wood's consignment.)

Dec. 11. Closed Wood's consgt., and remitted net proceeds in cash. Charged for cartage, $1.25; storage, 67¢; advertising, 75¢; comm., 2½% on sales.

Dec. 14. Recd. from D. L. Pierce, to be sold on comm., 75 bbls. apples. Paid freight, $11.25.

Dec. 17. Sold Jason Call on his note, 125 bbls. flour @ $4.17. (Rich's consgt.)

Closed Rich's consignment, and remitted our note for net proceeds. Charged for cartage, $3.75; storage, $2.67; advertising, $1.25; comm., 2½% on sales.

Dec. 25. Sold Edwin Rice on %, 75 bbls. apples @ $2.25. (Pierce's consgt.)

Closed Pierce's consignment, and credited the net proceeds to D. L. Pierce on %. Charged for cartage, $1.87; storage, $1.25; advertising, 62¢; comm., 2½% on sales.

Net capital at closing, $1533.52.

EXAMPLE XIX.

Sometimes a person engages in the commission business, receiving a certain line of goods, which he sells immediately, for cash, and remits the net proceeds as soon as the goods are sold. In this case a *five* column journal may be used: on the debit side two, — one for sundries, and the other for cash; on the credit side three, — one for sundries, one for cash, and one for commission. In the following example the freight on butter is one cent a pound, and on eggs one cent a dozen, commission 5% on the amount of sales. Consignments should be closed as soon as the goods are sold.

Oct. 2, 1899. Moses Sargent invests cash, $700.00.

Pays for books and stationery, $3.75.

Oct. 3. Recd. from Robert Mowry, 41 lbs. butter.

Oct. 5. Recd. from James Otis, 68 lbs. butter.

Oct. 7. Sold Mowry's consignment at 24¢ per lb., and remitted net proceeds.

Oct. 9. Recd. from John Smith, 147 doz. eggs.

Oct. 10. Recd. from Leon Manson, 196 doz. eggs.

Oct. 13. Sold James Otis's consgt. @ 26¢ per lb.

Remitted net proceeds.

Oct. 14. Sold Leon Manson's eggs @ 20¢ per doz.

Oct. 16. Sold John Smith's consgt. @ 21¢ per doz.

Oct. 19. Recd. from Robert Mowry, 136 lbs. butter.

Oct. 20. Recd. from John Smith 6 cases, 294 doz. eggs.

Oct. 23. Recd. from James Otis, 193 lbs. butter.

Oct. 24. Sold Smith's consgt. @ 23¢ per doz.

Oct. 27. Sold Mowry's consgt. @ 26¢ per lb.

Oct. 30. Sold Otis's consgt. @ 27¢ per lb.

The learner will journalize, post, make trial balance, loss and gain %, and balance account.

Questions for Review.

What is commission business? Who is a commission merchant? What is commission? What is a shipment? A consignment? Who is the consignor? The consignee? What is an acct. sales? What are the net proceeds? What is the difference between a shipment and mdse.? For what should a shipment be debited? Credited? How closed? When will there be a gain? When a loss? What are the three rules for shipments?

What is an outward invoice? When goods are received to be sold on commission, how should they be credited? Why? What are the two rules for consignments? When should a consignment % be closed? How should it be closed?

How may the work of recording commission business be abridged? How many special columns may there be? In the example given, how many sets of money columns on the debit side? How many on the credit? How should the *items* be posted? The footings? What amounts should be equal?

Posting from Books of Original Entry.

When a limited amount of commission business is to be done, the methods shown in the preceding pages usually prove satisfactory.

But as the business becomes more extensive, and more complicated, special books and methods better adapted to the wants of the book-keeper are frequently employed.

In the following example we make use of the cash-book and receiving-sales-book, as books of original entry, posting from each.

The cash-book is similar to one already described.

Receiving-Sales-Book.

The receiving-sales-book is a book in which an acct. is kept of the receipts and sales of consignments.

Memoranda of the goods received, payments, advances, charges of the consignee, and the net proceeds of the consignor should be written on the *left*-hand page; a record of the sales on the *right*.

There should be two sets of money columns on each page, — one for sundries, and one for cash.

As all cash received and paid must be entered in the cash-book, cash items in the receiving-sales-book are placed in the second set of money columns and *checked*, but not *posted;* otherwise the cash items in the receiving-sales-book would be posted twice.

The *posting* of the receiving-sales-book is done in a manner similar to that of the cash-book.

The *items* in the sundries columns of the left-hand page should be posted to the *credit* side of the ledger, the *footing* of the same columns to the *debit* side of the consignment acct.

The *items* from the sundries columns of the right-hand page should be posted to the *debit* side of the ledger, the *footing* of the same columns to the *credit* side of the consignment *%*.

The journal-day-book is used in this form for recording transactions which do not properly belong to the cash-book or receiving-sales-book: such as the investments of the partners, notes given or received to apply on account, etc. In the following example, as the design is to illustrate the use of the receiving-sales-book, and the methods of posting the books of original entry, and as the proprietor invests only cash, the journal will not be used.

When the journal is used, it should be posted *first*, then the *cash-book*, then the *sales-book*. This will cause a mingling of dates, but the result will not be affected.

EXAMPLE XX.

July 1, 1899. Moses Sargent invests cash, $1500.00. Paid cash for books for use in store, $6.50.

July 3. Recd. from Dexter Pool, St. Louis, 400 bbls. flour. Paid freight in cash, $120.00.

July 6. Recd. from David Little, 80 bbls. pork. Paid freight in cash, $28.00.

July 7. Sold Lewis Boss for cash, 200 bbls. flour @ $4.00. (Pool's consgt.)

July 8. Recd. 150 casks lime from A. J. Bird, Rockland, Maine. Paid freight, $15.00.

July 10. Sold Abner Dowe, 200 bbls. flour @ $4.10. Half on %, and half note at 60 days. Closed Pool's consgt. Charged for cartage, $8.00; storage, $4.00; advertising, $1.50; insurance, $3.20; commission, 2½% on sales. Credit net proceeds.

July 13. Recd. of Arthur Lane, 400 bushels corn. Paid freight, $44.00.

July 14. Sold Lucius Morrill, 80 bbls. pork @ $12.00. ⅓ cash, ⅓ on %, ⅓ note at 60 days.

Closed Little's consgt., and remitted him our note for net proceeds. Charged for cartage, $3.20; storage, $1.60; commission, 2½% on sales.

July 18. Sold Roswell Pease for cash, 100 casks lime @ $1.50. (Bird's consgt.)

July 20. Sold Benson Baker, 200 bush. corn @ 46¢, on his note at 90 days. (Lane's consgt.)

July 24. Sold Walter Bancroft for cash the remainder of Bird's consgt. of lime @ $1.60.

Closed Bird's consgt., cooperage, $2.50; cartage, $1.50; storage, $3.00; comm., 2½%. Net proceeds remitted in cash.

July 30. Sold Webster Dodge on %, 200 bush. corn @ 55¢.

Closed Lane's consgt., cartage, $2.00; storage, $2.00; advertising, $1.00; comm., 2½%. Remitted our note for net proceeds.

CASH-BOOK. RECEIPTS.

Date	L. F	Credits	Explanation	Receipts		Balances	
1899							
July 1		Moses Sargent	Investment	1500	00		
7		Pool's consgt.	Sold Lewis Boss	800	00		
14		Little's consgt.	Sold Lucius Morrill	320	00		
18		Bird's consgt.	Sold Roswell Pease	150	00		
24		Bird's consgt.	Sold Walter Bancroft	80	00		
		Cash Dr.	Total receipts	2850	00	2850	00
						2850	00

RECEIVING SALES-BOOK. RECEIPTS.

Pool's Consignment.

1899							
July 3	√	Cash	Paid freight on 400 bbls. flour, recd. from Dexter Pool, St. Louis			120	00
10	Page of Ledger	Cartage	Our charges	8	00		
		Storage	" "	4	00		
		Advertising	" "	1	50		
		Insurance	" "	3	20		
		Commission	2½ %	40	50		
		Dexter Pool	Net proceeds	1442	80		
		Pool's consgt., Dr.		1500	00	1500	00
						1620	00

Little's Consignment.

1899							
July 6	√	Cash	Paid freight on 80 bbls. pork recd. from David Little, Chicago			28	00
	Page of Ledger	Cartage	Our charges	3	20		
		Storage	" "	1	60		
		Commission	2½ % on $960.00	24	00		
		Bills Payable	Net proceeds	903	20		
		Little's consgt.	To balance %	932	00	932	00
						960	00

The learner will write out the other two consignments according to the above form.

CASH-BOOK. PAYMENTS.

Date	L. F.	Debits	Explanation	Payments		Balances	
1899							
July 1		Expense	Pd. for books	6	50		
3		Pool's consgt.	Paid freight	120	00		
6		Little's "	" "	28	00		
8		Bird's "	" "	15	00		
13		Lane's "	" "	44	00		
24		Bird's "	Net proceeds	202	25		
		Cash Cr.	Total payments	415	75	415	75
		Balance	Amt. on hand			2434	25
						2850	00

RECEIVING-SALES-BOOK. SALES.

Pool's Consignment.

1899							
July 7	√	Cash	Sold Lewis Boss 200 bbls. flour @ $4.00			800	00
10		Abner Dowe	Sold Abner Dowe 200 bbls. flour @ $4.10	410	00		
	Page of Ledger	Bills Receivable	½ note, ½ on %	410	00		
		Pool's consgt. Cr.	Sales on time	820	00	820	00
			Total sales			1620	00

Little's Consignment.

1899							
July 14	√	Cash	Sold Lucius Morrill			320	00
		Bills Receivable	80 bbls. pork @ $12.00	320	00		
		Lucius Morrill	⅓ cash, ⅓ note at 60 days, ⅓ on %	320	00		
	Page of Ledger	Little's consgt.	Sales on time	640	00	640	00
			Total sales			960	00

This example should be written out by the learner from the memoranda, referring to the forms as little as possible.

Proof of Posting.

1. Debit footing of the cash-book	$2850.00
2. Credit footing of the cash-book	415.75
3. Sum of the footings of the sundries columns of the debit and credit sides of the receiving-sales-book	4062.75
Equal the footing of trial balance	$7328.50

It will be perceived that all the consignment accts. balance. This will always be the case if the consignments are closed. Hence, all the items which were posted to consignment accts. might have been *checked* and not *posted*. The results would have been the same, and the work would have been less. So also there need have been no *cash* % in the ledger, the amount on hand being used in the trial balance and in the balance %.

This method is frequently adopted by experienced book-keepers; but the learner should post every item, make the trial balance, prove the correctness of the posting, make a balance %, and write all the business papers connected with the example.

The net capital at closing is $1602.30. Ans.

Acct. Sales of 150 casks lime, recd. from A. J. Bird, Rockland, Maine, to be sold on his % and risk.

1899						
July	18	Sold Roswell Pease for cash, 100 casks lime @ $1.50	150	00		
	24	Sold Walter Bancroft for cash, 50 casks lime @ $1.60	80	00	230	00
		CONTRA.				
July	8	Paid cash for freight	15	00		
	24	Charged for cooperage	2	50		
		Cartage	1	50		
		Storage	3	00		
		Commission, 2½ %	5	75		
		Cash for net proceeds, remitted	202	25	230	00

Boston, Mass., July 24, 1899.

MOSES SARGENT.

Account Sales of 400 bushels corn, recd. from Arthur Lane, Peoria, to be sold on his % and risk.

1899						
July	20	Sold Benson Baker, note 90 days, 200 bushels corn @ 46¢	92	00		
	30	Sold Webster Dodge on %, 200 bushels corn @ 55¢	110	00	202	00
		CONTRA.				
July	13	Paid cash for freight	44	00		
	30	Cartage	2	00		
		Storage	2	00		
		Advertising	1	00		
		Commission, 2½ %	5	05	54	05
		Our note for net proceeds, remitted			147	95
		Boston, Mass., July 30, 1899. MOSES SARGENT.				

The learner should make an acct. sales for each of the other two consignments.

EXAMPLE XXI.

Aug. 1, 1899. Henry W. Brown invests cash, $1250.00.

Aug. 3. Recd. of James Moody, Chicago, 10 tierces lard, 3842 lbs., to be sold on comm. Paid freight, $76.00.

Aug. 4. Recd. from Lock Bros., Milwaukee, 1275 bushels #2 oats. Paid freight, $85.00.

Aug. 7. Received from Seley & Co., New Orleans, 9 hhds. fancy N. O. molasses, 1428 gallons.

Paid freight, $42.75.

Aug. 8. Sold Aaron Wilde for cash, 4 tierces lard, 1572 lbs. @ 6¢. (Moody's consgt.)

Aug. 10. Sold Charles Smith on %, 300 bushels oats @ 28¢. (Lock Bros.' consgt.)

Aug. 11. Received from Jos. Torry, New York, 12 chests tea, 638 lbs. Paid freight, $12.50.

Aug. 14. Sold the remainder of Moody's consignment of lard to Samuel Ward @ 6¼¢, ⅓ cash, ⅓ note, ⅓ on %.

Closed Moody's consignment, and charged for cooperage, 38¢; cartage, $1.75; storage, 36¢; advertising, $1.50; comm., 2½% on sales. Gave James Moody credit for the net proceeds.

Aug. 15. Sold John Adams on %, 500 bushels oats @ 29¢. (Lock Bros.' consgt.)

Aug. 17. Sold David Wing for cash, 5 hhds. molasses, 754 gals. @ 40¢. (Seley & Co.'s consgt.)

Aug. 18. Sold S. S. Sleeper the remainder of Lock Bros.' consgt. of oats @ 30¢, ⅓ cash and ½ note.

Closed the above consgt. Charged for cartage ½¢ per bushel; for storage, ½¢ per bushel; comm., 2½%. Credited the net proceeds to Lock Bros'.

Aug. 21. Sold Caleb White the remainder of Seley & Co.'s molasses @ 42¢. ⅓ cash, ⅓ note, ⅓ on %.

Closed above consgt. Charged for cooperage, $1.37; cartage, $4.50; storage, 45¢; comm., 2½%. Remitted our note for net proceeds.

Aug. 25. Sold Cyrus Downs for cash, 5 chests tea, 256 lbs. @ 36¢. (Torry's consgt.)

Aug. 26. Paid sundry expenses, $7.87.

Aug. 31. Sold the remainder of Torry's consgt. of tea to Levi Knox, for cash, @ 37¢.

Closed Torry's consgt. Charged for cartage, $1.50; storage, 50¢; advertising, 75¢; comm., 2½%.

Remitted the net proceeds in cash.

It will be observed that nothing is said in regard to the time of credit, or the equation of payments, for the reason that we do not wish to take the attention of the learner from the receiving-sales-book and the method of posting here explained.

Questions for Review.

What is said in regard to special books and methods for commission business? What books are used in the last form? What is said of the cash-book?

What is the receiving-sales-book? What should be written on the left-hand page? What on the right? How many sets of money columns on each page? What in each? What *items* should be *checked?* What ones *posted?* What is said of the *footings?*

For what should the journal-day-book be used? Why not used in the twentieth example? Which book should be posted first? Second? Third? What is said of the mingling of dates?

What is the proof of the posting in this form? When will the consignment accts. balance? Why will they balance? Then why

should they be posted? Why check the items instead of posting them? What method should the learner adopt? Why not try both methods and note the difference?

Can the cash % be omitted in the ledger? What should be used in the trial balance, when the cash % is omitted? Should the learner try both methods? Which *first?*

JOINT COMMISSION BUSINESS.

Sometimes two or more parties, located at different places, form *temporary* partnerships, for the purpose of engaging in special *ventures*, agreeing to share *jointly* the gains and losses. Various methods have been adopted by accountants for recording such transactions. In such cases, the *simplest* method is to consider the shipment as mdse. held in *trust* by the consignee, the proceeds to be distributed and accounted for by him as soon as the whole consignment is disposed of.

Definitions.

A Joint Shipment is mdse. *shipped* to an agent to be sold on joint acct. of two or more parties.

A Joint Consignment is mdse. *received* by an agent to be sold on joint acct. of two or more parties.

Rules for Joint Shipments.

1. Debit joint shipment for the whole cost.
2. Credit the same for net proceeds.
3. Close the acct. into the loss and gain acct.

Rules for Joint Consignments.

1. Debit joint consignments for freight, express, and any other expenses paid by the consignee.
2. Credit the same for proceeds of sales.
3. Close the acct. (when there is net gain) by debiting.

a. The charges for storage, advertising, commission, etc., of the consignee.

b. The net gain of the consignee.

c. The net gain of other parties, if there are any more than the consignor and consignee.

d. The net proceeds of consignor.

Should there be a net *loss*, the net loss of the *consignee* and the *other parties* should be *credited* instead of *debited*.

The *proceeds* of a joint consignment will be found on the credit side of the receiving-sales-book.

The whole cost will be found by adding the *expense* paid by the consignee, the *charges* of the consignee, and the consignor's *invoice*.

The excess of *proceeds* over *cost* will be the net *gain*. The excess of cost over proceeds will be the net loss.

EXAMPLE XXII.

Joint Commission Business.

Boston, Mass., January 1, 1898.

Memoranda.

Joseph M. White invests in joint commission business cash, $3000.00. Paid for office supplies, $13.75.

Jan. 3. Recd. from Moses Strong, to be sold on his and our joint % and risk, 125 bbls. flour, invoiced @ $4.75. Paid cash for freight, $41.25.

Jan. 4. Recd. from James M. Smith, to be sold on his and our joint % and risk, one car mixed feed, 12½ tons, invoiced @ $11.50 per ton. Paid cash for freight, $27.50.

Jan. 6. Sold Kimball Brothers on %, at 30 days, 50 bbls. flour, from Moses Strong's joint consignment, @ $5.05.

Jan. 7. Sold Alfred Davenport for cash, 5 tons mixed feed (from Smith's joint consgt.) @ $14.75.

Jan. 8. Recd. from James Sleeper, to be sold on joint % and risk, of *himself*, *Byron Haley*, and *ourself*, each one third, 500 bbls. patent flour, invoiced @ $5.25. Paid freight and other charges, $163.80.

Jan. 10. Sold Nathan Pratt for cash, 50 bbls. flour (Strong's joint consgt.) @ $4.90.

Jan. 12. Sold Albert Marston @ 60 days, on %, 7½ tons mixed feed @ $15.50.

Closed James M. Smith's joint consignment, and charged for drayage, $1.25; storage, $75.00; commission, 2½% on sales. Rendered Smith an % sales, informing him that his net proceeds were $? due by equation ?

Jan. 14. Sold Samuel Pierce on his note at 60 days, 25 bbls. flour (the remainder of Strong's consgt.) @ $4.85.

Closed Moses Strong's joint consignment, and rendered him an % sales of the same; our charges for storage, $1.25; for cooperage, $0.50; advertising, $0.75; commission, 2½% on sales.

Jan. 17. Recd. from L. B. Wheeler to be sold on joint % and risk of the consignor and consignee, 100 bbls. cement, invoiced at $1.25. Paid freight in cash, $21.17. Paid cash for store expenses, $9.38.

Jan. 18. Sold Ansel Craige for cash, 100 bbls. cement @ $1.60. Closed Wheeler's joint consignment, and remitted him the net proceeds in cash. As sale was made from the *car*, *immediately*, our charge is only for commission, 2½% on sales.

Jan. 24. Sold Robert Bruce on %, 30 days, 125 bbls. flour @ $5.75.

Jan. 26. Recd. from Geo. F. Luce, 400 bushels wheat, invoiced at $1.00, to be sold on joint % and risk of himself, Stephen Hobert, and ourself, each ⅓. Paid freight on same in cash, $28.50.

Jan. 27. Sold W. E. Piper for cash, 125 bbls. flour (Sleeper's consgt.) @ $5.70.

Jan. 28. Sold Maurice Daniels on his note at 10 days, 200 bushels wheat @ $1.00.

Sold Charles Cogswell on his note at 60 days, 150 bbls. flour (Sleeper's consgt.) @ $5.80.

Jan. 29. Sold John Harper on acct., 30 days, 200 bushels wheat @ 90 cts.

Closed Harper's consignment, and sent him and Stephen Hobert each an % sales. We charge for cartage, $2.00; for storage, $1.50; for advertising, $0.75; for commission, 2½% on sales.

Jan. 31. Sold Daniel M. Fisk on %, 10 days, 100 bbls. flour @ $6.00 (Sleeper's consgt.). Closed Sleeper's consignment, and rendered him and Byron Haley each an % sales of the same. Our charges for cartage, $7.50; storage, $2.50; advertising, $0.75: cooperage, $1.50; commission, 2½% on sales.

CASH-BOOK. EXAMPLE XXII.

CASH RECEIVED.

1898							
Jan. 1		Jos. M. White	Invested	3000 00			
7	√	Smith's Joint Consignment	5 tons feed @ $14.75	73 75			
10	√	Strong's Joint Consignment	50 bbls. flour @ $4.90	245 00			
18	√	Wheeler's Joint Consignment	100 bbls. cement @ $1.60	160 00			
27	√	Sleeper's Joint Consignment	125 bbls. flour @ $5.70	712 50			
	√	Cash Dr.	Total receipts	4191 25		4191	25
						4191	25

As there are no transactions in the above example which cannot be conveniently recorded in the cash-book and receiving-sales-book, the *journal* need not be used.

The learner will write out the memoranda, using only the cash-book and receiving-sales-book, as books of original entry. He will then post all the *items* from the first set of money columns of the cash-book, to the *credit* side of the proper accts., and the *footing* of the same to the *debit side* of *cash*. He will then post all the *items* of the first set on the right-hand page to the *debit* of the proper accts.; and the *footing* to the *credit* side of the *cash* %.

He will then post the receiving-sales-book, in a similar manner, — the items to the proper accts., and the footings to the joint consignment accts.

CASH-BOOK. EXAMPLE XXII.

CASH PAID.

1898							
Jan. 1		Expense	Paid for office supplies	13	75		
3	√	Strong's Joint Consignment	Paid freight	41	25		
4	√	Smith's Joint Consignment	Paid freight	27	50		
8	√	Sleeper's Joint Consignment	Paid freight and other charges	163	81		
17		Wheeler's Joint Consignment	Paid freight	21	17		
		Expense	Paid petty expenses	9	38		
18		Wheeler's Joint Consignment	Remitted net proceeds	129	92		
		Luce's Joint Consignment	Paid freight	28	50		
		Cash Cr.	Total paid out	435	28	435	28
31		Balance	Amount on hand			3755	97
						4191	25

He will then make trial balance, and close the ledger in the usual way.

He will *then* close by the *shorter* method.

As the joint consignments when closed will always balance, when correctly posted, all consignment accts. are *checked* in both books as *not to be posted.*

Then as the cash % need not be used in the *ledger*, the *footings* of the cash-book are also checked and not posted. The *balance* of the cash as shown in the cash-book is used in the *trial balance* and in the *balance acct.*

After checking off the items and footings as directed above, the remainder of the items may be posted and the ledger closed, as usual.

The student will then note the difference in the amount of work.

RECEIVING-SALES-BOOK.

RECEIPTS. MOSES STRONG'S

1898				To be posted		Not to be posted	
Jan. 3			Recd. from Moses Strong, to be sold on joint %, 125 bbls. flour invoiced at $4.75				
	√	*Cash*	Paid freight			41	25
14		Storage	Our charges	1	25		
		Cooperage	" "		50		
		Advertising	" "		75		
		Commission	2½ % on $618.75	15	47		
		Moses Strong	Net proceeds (due Feb. 5)	576	64		
	√	Strong's joint consignment		594	61	594	61
			Dr.			635	86

JAMES M SMITH'S

1898							
Jan. 4			Recd. from J. M. Smith, to be sold on joint %, 12½ tons mixed feed, invoiced @ $11.50				
	√	*Cash*	Paid freight			27	50
12		Drayage	Our charges	1	25		
		Storage	" "		75		
		Commission	2½ % on sales	4	75		
		Loss and Gain	Our ½ net gain	6	00		
		James M. Smith	His net proceeds	149	75		
	√	Smith's joint consignment	Due ?	162	50	162	50
			Dr.			190	00

JAMES SLEEPER'S

1898							
Jan. 8			Recd. of James Sleeper to be sold on joint % of himself, Byron Haley, and ourself, 500 bbls. flour, invoiced @ $5.25				
	√	*Cash*	Paid freight, &c.			163	81
31		Cartage	Our charges	7	50		
		Storage	" "	2	50		
		Advertising	" "		75		
		Cooperage	" "	1	50		
		Commission	2½ % on $2901.25	72	53		
		Loss and Gain	Our ⅓ net loss	9	22		
		Byron Haley	His ⅓ net loss	9	22		
		James Sleeper	His net proceeds	2634	22		
	√	Sleeper's joint consignment	Due ?	2737	44	2737	44
			Dr.			2901	25

RECEIVING-SALES-BOOK.

JOINT CONSIGNMENT.

1898				To be posted		Not to be posted	
Jan. 6		Kimball Brothers	Sold them on %, at 30 days, 50 bbls. flour @ $5.05	252	50		
10	√	Cash	Sold Nathan Pratt, 50 bbls. flour @ $4.90			245	00
14		Bills Receivable	Sold Samuel Pierce, note at 60 days, 25 bbls. flour @ $4.85	121	25		
		Loss and Gain	Our ½ net loss	17	11		
	√	Strong's joint consignment	Cr.	390	86	390	86
						635	86

JOINT CONSIGNMENT.

1898							
Jan. 7	√	Cash	Sold Alfred Davenport, 5 tons mixed feed @ $14.75			73	75
12		Albert Marston	Sold him @ 60 days on %, 7½ tons mixed feed @ $15.50	116	25		
	√	Smith's joint consignment	Cr.	116	25	116	25
						190	00

JOINT CONSIGNMENT.

1898							
Jan. 24		Robert Bruce	Sold him on %, 30 days, 125 bbls. flour @ $5.75	718	75		
27	√	Cash	Sold W. E. Piper, 125 bbls. flour @ $5.70			712	50
28		Bills Receivable	Sold Charles Cogswell, note at 60 days, 150 bbls. flour @ $5.80	870	00		
31		Daniel M. Fisk	Sold him on %, at 10 days, 100 bbls. flour at $6.00	600	00		
	√	Sleeper's joint consignment	Cr.	2188	75	2188	75
						2901	25

L. B. Wheeler's

1898 Jan. 17			Recd. from L. B. Wheeler, to be sold on his and our joint %, 100 bbls. cement, invoiced @ $1.25				
	√	Cash	Pd. freight			21	17
		Commission	2½ % on sales	4	00		
		Loss and Gain.	Our ½ net gain	4	91		
	√	Cash	Remitted Wheeler's net proceeds			129	92
				8	91	8	91
	√	Wheeler's joint consignment	Dr.			160	00

George F. Luce's

1898 Jan. 26			Recd. of Geo. F. Luce, to be sold on joint % and risk of himself, Stephen Hobert, and ourself, each ⅓, 400 bushels wheat, invoiced @ $1.00 per bushel				
	√	Cash	Paid freight			28	50
29		Cartage	Our charges	2	00		
		Storage	" "	1	50		
		Advertising	" "		75		
		Commission	2½ % on sales	9	50		
		Geo. F. Luce	His net proceeds	379	25		
			Due ?				
				393	00	393	00
	√	Luce's joint consignment	Dr.			421	50

JOINT CONSIGNMENT.

1898 Jan. 18	√	Cash	Sold Ansel Craige, 100 bbls. cement, @ $1.60			160 00
						160 00

JOINT CONSIGNMENT.

1898 Jan. 28		Bills Receivable	Sold Maurice Daniels, on his note at 10 days, 200 bushels wheat @ $1.00	200	00	
		John Harper	Sold him on %, 30 days, 200 bush. wheat @ 90¢	180	00	
		Loss and Gain	Our 1/3 net loss	20	75	
		Stephen Hobert	His 1/3 net loss	20	75	
	√	Luce's joint consignment	Cr.	421	50	421 50
						421 50

Account Sales of 125 bbls. flour, received from Moses Strong, to be sold on his and our joint % and risk, each one half.

1898						
		SALES.				
Jan.	3	Sold Kendall Brothers on %, 30 days, 50 bbls. flour @ $5.05	252	50		
	10	Sold Nathan Pratt, for cash, 50 bbls. flour @ $4.90	245	00		
	14	Sold Samuel Pierce note, 60 days, 25 bbls. flour @ $4.85	121	25	618	75
		CHARGES.				
Jan.	3	Cash, paid freight	41	25		
		Storage, our charges	1	25		
		Cooperage, our charges		50		
		Advertising, our charges		75		
		Commission, 2½ % on sales	15	47		
		Total charges	59	22		
		Deduct our ½ net loss	17	11	42	11
		Moses Strong's net proceeds			576	64
		Moses Strong, invoice $593.75				
		Deduct ½ net loss 17.11				
		Net proceeds as above, due Feb. 5 $576.64				
		Boston, Mass., Jan. 14, 1898.				
		JOSEPH M. WHITE.				

Account Sales of 12½ tons mixed feed, received from James M. Smith, to be sold on his and our joint % and risk.

1898						
Jan.	7	Sold Alfred Davenport for cash, 5 tons mixed feed @ $14.75	73	75		
	12	Sold Albert Marston on %, 60 days, 7½ tons mixed feed @ $15.50	116	25	190	00
		CHARGES.				
Jan.	4	Cash, paid freight	27	50		
	12	Drayage, our charges	1	25		
		Storage, our charges		75		
		Commission, our charges	4	75		
		Our half net gain	6	00	40	25
		John M. Smith's net proceeds			149	75
		Smith's invoice $143.75				
		Smith's ½ net gain 6.00				
		Smith's net proceeds as above $149.75				
		Boston, Mass., Jan. 12, 1898.				
		JOSEPH M. WHITE.				

Account Sales of 400 bushels wheat, received from Geo. F. Luce, to be sold on joint % and risk of himself, Stephen Hobert, and ourself, each one third.

1898						
Jan.	28	Sold Maurice Daniels, note 10 days, 200 bush. wheat @ $1.00	200	00		
		Sold John Harper on %, 30 days, 200 bush. wheat @ 90 cts.	180	00	380	00
		CHARGES.				
		Cash, paid freight	28	50		
		Cartage, our charges	2	00		
		Storage, our charges	1	50		
		Advertising, our charges		75		
		Commission, 2½ %	9	50		
		Total charges	42	25		
		Deduct { Our ⅓ net loss, $20.75 / Stephen Hobert's ⅓ net loss $20.75 }	41	50		
						75
		Geo. F. Luce's net proceeds			379	25
		Geo. F. Luce's invoice $400.00				
		Deduct his ⅓ net loss 20.75				
		Net proceeds, as above $379.25				
		Due, when ?				
		Boston, Mass., Jan. 29, 1898.				
		JOSEPH M. WHITE.				

EQUATION OF PAYMENTS.

When payments are to be made to the consignee, for a consignment, at different dates, the time at which the *whole* may be *paid*, so that neither party may suffer loss, should be ascertained, and the equated time should be stated in the % sales.

At the equated time, the consignee should *remit* the net proceeds to the consignor; or the consignor may *draw* on the consignee for the amount.

RULE FOR THE EQUATION OF PAYMENTS.

1. Change all the time dates to the times when they become due.

2. Assume the *last* day of *December*, next *preceding* the time when the first payment becomes due, as the *focal date*.

3. Compute the *interest*, at *12%*, on each item of the % from the *focal date* to the time of maturity.

4. Find the *sum* of the *interests* of the *debit* items.

5. Find the *sum* of the *interests* of the *credit* items.

6. Subtract the *less* amount of *interest* from the *greater*.

7. Divide *this difference of interest*, by the *interest on the balance of the %, for one month, at 12%*. The quotient will be the time in months, from the *focal date* to the equated time of settlement.

8. Count the time *forward*, from the focal date when the greater amount of interest is on the larger side of the %.

9. Count the time *backward*, when the greater amount of interest is on the smaller side of the acct.

NOTE. The result would be just the *same* if the interest should be computed at any *other* rate. Twelve % is used here, because the work can be done *easier*.

EQUATION OF PAYMENTS.

Dr. MOSES STRONG'S JOINT CONSIGNMENT. Cr.

Date	Amount	Time Mos.	Time Days	Interest	Date	Amount	Time Mos.	Time Days	Interest
1898 Jan. 3	41 25		3	041	1898 Feb. 5	252 50	1	5	2 946
	(Charges)								
14	17 97		14	084	Jan. 10	245 00		10	817
		Bal. Int. =		6 749	Mar. 15	121 25	2	15	3 031
	576 64	= Bal.	%		Jan. 14	½ (net loss) 17 11		14	080
	635 86			6 874		635 86			6 874

$6.749 = the balance of interest.

$5.766 = interest on bal. of % for one month at 12%.

$6.749 ÷ 5.766 = 1 month, with a remainder 983.

983 × 30 ÷ 5765 = 5 days.

The equated time therefore is one month and five days from Dec. 31, 1897. As the greater interest is on the side with the larger amount, we count forward. Hence, the equated time is Feb. 5, 1898.

The learner should equate the time of the other joint consignments.

EXAMPLE XXIII.

COMMISSION AND JOINT COMMISSION BUSINESS.

The learner will use his own name and residence, as proprietor, in writing out the following:

MEMORANDA.

March 1.

The proprietor invests cash, $5000.00.

Paid cash for office supplies, $14.62.

March 2.

Bought for cash, 500 bbls. Marble Mills flour @ $5.15. Shipped Silas Hooker, 125 bbls. above flour, to be sold on commission, on our % and risk. Paid charges on same, $6.37. Paid insurance on whatever mdse. we may have in our store, $20.00.

March 3.

Received from Stephen V. Rice, to be sold on his and our joint % and risk, 1 car oats, 1000 bushels, invoiced at 30 cts. per bushel. Paid charges, $28.50.

Shipped Bolton Brothers, to be sold on our % and risk, 125 bbls. flour. Paid charges on same, $19.36.

March 4.

Recd. from Silas Hooker an % sales of the flour shipped him March 2, enclosing cash for net proceeds, $671.39.

Sold Martin L. White, @ 10 days on %, 500 bushels oats (Rice's joint consignment) @ 40 cts. per bushel. Paid for cartage on same, $2.50.

March 5.

Shipped Leon T. Turner, 125 bbls. flour, to be sold on his and our joint % and risk, each one half, which we invoice him at cost, $5.15.

Recd. acct. sales of flour shipped Bolton Brothers the 3d inst., our net proceeds, $647.28. Which we debit them on %, and close the shipments % into Loss and Gain %. Due in 10 days.

March 7.

Sold Mark L. Handy on his note at 30 days the remainder of Rice's joint consignment of oats @ 42 cts. per bushel. Closed the above consignment, and charged for cartage, $1.75; storage, $2.50; advertising, .75; commission, 2½% on sales. Remitted Stephen V. Rice his net proceeds in cash.

March 8.

Shipped Vincent Choat the remainder of the flour bought the 2d inst., to be sold on his and our joint acct. and risk, each one half. Invoiced the flour at cost. Paid for drayage on same, $2.50.

March 9.

Bought of Chapin & Co. for cash, 14 tons bran @ $10.00 per ton. Paid freight, $28.50.

Shipped S. G. Davis, to be sold on joint acct. and risk of himself, L. S. Jackson, and ourself, each one third, 7 tons bran, invoiced to him at $13.25 per ton. Recd. acct. sales of flour shipped Leon T. Turner, March 5, net proceeds, $677.91, for which he has remitted us his note due April 19th.

March 10.

Shipped James Simpson & Co. the remainder of the bran bought of Chapin & Co., which we invoice to them at $13.25. Paid charges on same, $8.37.

Recd. from Albert Crossman, to be sold on joint acct. and risk of himself, Daniel G. Bodwell, and ourself, each one third, 250 bbls. flour, invoiced at $5.00. Paid charges, $38.92.

Recd. from Vincent Choat acct. sales of flour shipped him March 8, our net proceeds, $658.34, half of which he has remitted in cash, note at 30 days for the other half.

March 11.

Sold Maxwell & Pease, on their note at 60 days, the flour recd. from Albert Crossman, 250 bbls. @ $5.50. As the flour was sold directly from the car, our charge is only for commission, 2½% on amt. of sales. Closed Crossman's joint consignment, and remitted him an acct. sales, together with cash for his net proceeds. Also sent Daniel G. Bodwell an acct. sales, together with the cash for his third net gain on the venture.

March 12.

Recd. from S. G. Davis, the net proceeds of bran shipped him the 9th inst., cash, $97.18.

March 14.

Martin L. White has paid cash to balance his %.

Recd. from Carleton & Co., to be sold on joint %, and risk of themselves, Manwell & Co., and ourself, 125 bbls. potatoes, invoiced at $2.25 per bbl.

Paid freight and other charges, $21.83.

March 15.

The above consignment not being in good order, had to be sold immediately, and has been disposed of @ $1.75 per bbl. Commission, 2½% on sales. No other charges.

Closed Carleton & Co.'s joint consignment, and remitted them their net proceeds in cash, with an acct. sales. Also sent acct. sales to Manwell & Co., stating that we had charged their third net loss to their %.

Bolton Brothers have paid cash to balance their %.

March 16.

Recd. from James Simpson acct. of sales of bran shipped him the 10th inst., net proceeds due by equation in 10 days, and placed to our credit on %, $91.08.

March 18.

Bought on our note at 30 days, 300 bbls. lime @ 90 cts.

Shipped 100 bbls. of the above to Marcus Gould & Co., to be sold on commission at our risk. Paid for insuring the same and other charges, $4.75.

March 19.

Recd. from David M. Lombard, to be sold on commission, at his risk, and on his %, 500 bushels corn, which we sell to be taken immediately from the car at 40 cts. per bushel. Our charge for commission, 2½% on sales. No other charges, as the freight was prepaid. Sent acct. sales with cash for net proceeds.

March 21.

Recd. from Amos K. Lowell, to be sold on his and our joint acct. and risk, each ½, one car mixed feed, 12½ tons, invoiced at $11.50 per ton. Paid freight, $36.75. Paid cash for petty expenses, $8.75.

March 24.

Recd. from Charles H. Barker, to be sold on joint % of himself, Sumner Peters, Leonard Boyle, and ourself, each one fourth, 150 bbls. flour, invoiced at $4.50. Paid charges on same, $45.00.

March 25.

Sold Horace M. Mason on %, 30 days, 5 tons mixed feed (Lowell's consgt.) @ $13.75.

March 26.

James Simpson has paid cash to balance %.

March 28.

Sold Harry Perkins, on his note at 30 days, 7½ tons mixed feed @ $14.00.

Closed Lowell's consignment, and rendered him an acct. of sales. Our charges for cartage, $2.50; storage, $1.50; advertising, $0.75; commission, 2½% on sales. Sent him our note for his net proceeds due at the equated time.

March 29.

Sold Andrew Davis on %, 10 days, 100 bbls. flour (Barker's joint consgt.) @ $5.25 per barrel.

March 30.

Sold Nelson Rich for cash, 50 bbls. flour (Barker's joint consgt.) @ $5.20.

March 31.

Closed the above consignment, and rendered each of the other three parties an acct. sales of the same.

We charge for storage, $1.50; advertising, $0.75; for commission, 2½% on sales. We credit Barker for his net proceeds, and each of the other two parties for his share of the net gain.

Recd. cash for net proceeds of lime shipped Marcus Gould & Co. the 18th inst., $104.17. Paid cash for expenses, $25.74.

The student will write out the above memoranda, according to the forms which have been previously given, make out the acct. sales, equate the times for payment of net proceeds, post from the books of original entry, and close the ledger by each of the methods explained in the last example.

Questions for Review.

What is a joint shipment? A joint consignment? Rule for joint shipments? Rule for joint consignments? For what debited? For what credited? How closed when there is a gain? When a loss? How shall the proceeds of a joint consignment be ascertained? The whole cost? The net gain? The net loss?

What books are used in the Twenty-second Example? Why is the journal-day-book not used? How should the cash-book be posted? The receiving-sales-book? How should the books be closed *first?* How next? What is the advantage of the *shorter* method? Why should the learner close the books in *both* ways?

What is an acct. sales? From what book is it copied? The receiving-sales-book. Where is the record of sales found ? The charges? The invoice? How is the equated time of payment ascertained?

What is meant by equation of payments? What is the rule? Why change the *time* dates to *cash* dates? What is meant by the focal date? Why assume it to be the last day of December? Could any other date be assumed? Is the last day of the year easier to compute from?

Why compute the interest at 12%? Would the same result be obtained if any other rate had been used? Why is it easier to compute interest at 12%? When should the time be counted forward? Why? When backward? Why? Why should the quotient be in months? What is the remainder? Why multiply it by thirty? Why should the second quotient be in days?

If the settlement could have been made at the focal date, — Dec. 31, 1897, — which party would have lost? How much? What is the balance of interest? How long then should he keep the balance of the %, in order to equal the balance of interest? *From* what time? *To* what time? Will the interest of the balance of % — $576.64 for 1 month and 5 days, at 12% — just equal the balance of interest? Why not? Was the equated time exact? Was it a little more than 1 month and 5 days? Was it less than 1 month and 6 days? Which was it nearer? The equated time then is exact within less than one day.

BANKING.

Banking is business done by banks or bankers.

A Bank is an establishment, or an association, or a corporation for receiving, loaning, exchanging, or issuing cash funds.

Hence, banks have sometimes been divided into four classes, viz.: banks of deposit, where money is placed for safe keeping; banks of discount, where money is loaned on proper security; banks of exchange, where checks, drafts, and bills of exchange are bought and sold; and banks of issue, from which demand notes are issued and circulated as money.

But modern banks seldom confine their transactions to a single line of business.

In this country, banks are usually classed as *private*, *state*, and *national* banks.

A Private Bank is a bank owned and managed by private parties, for the benefit of the owners.

A State Bank is a bank organized in accordance with the laws of the State in which it is located, owned and conducted by the shareholders or their representatives.

A United States National Bank is a bank organized in accordance with the laws of the United States, owned by the stockholders, and managed by a board of directors.

Savings Banks.

A Savings Bank is a bank organized under the general statutes or a special charter of the State in which it is located.

The design of a savings bank is to receive small deposits from the laboring classes, in order to encourage them to save, and safely invest, a part of their earnings.

The affairs of a savings bank are managed by a board of corporators, or trustees, who select the executive officers, and exercise a general oversight of the affairs of the bank. The trustees usually serve without compensation.

Funds received from depositors are loaned on ample security, and dividends are declared at stated periods. Dividends not withdrawn from the bank are compounded with the principal.

Officers.

The principal officers of a savings bank are the President and Treasurer.

The President is the chief *executive* officer. He exercises a general supervision over the affairs of the bank.

The Treasurer is the chief *financial* officer who has the care and custody of the funds, securities, and books of the bank.

In large banks, tellers, accountants, book-keepers, and clerks may be employed to assist the treasurer in the performance of his duties.

Books of a Savings Bank.

The laws of the several States differ largely in regard to the powers, duties, and reports of the managers of savings institutions; and, as might be expected, there is considerable difference in regard to their books of record and their methods of recording financial transactions. We shall not attempt to illustrate these differences, but shall confine our attention to the form and method which we consider simplest and best for ordinary savings-banks, conforming, in the main, to the statutes of the State of Massachusetts.

Large city banks may need a more complicated system than the one here given; while small country banks may be able to simplify the forms here employed.

The student who thoroughly understands the principles and forms explained and illustrated in the following example will readily adapt himself to any position in a savings bank, however simple or complex the system. The general principles of book-keeping in savings banks are the same everywhere.

BOOKS OF SAVINGS BANKS.

Cash-Book.

The cash-book is a book in which a record is kept of money received and disbursed. The left-hand page is for receipts; the right for payments. There are five sets of money columns on each page.

The first column on the debit side is for dates; second, ledger folio; third, numbers of pass-books; fourth, names and remarks;

first set of money columns, deposits; second, notes; third, stocks and bonds; fourth, profit and loss; fifth, premiums.

The first column on the credit side is for dates; second, ledger folio; third, numbers of pass-books; fourth, names and remarks; the first set of money columns, deposits withdrawn; second, notes; third, stocks and bonds; fourth, profit and loss; fifth, premiums.

It will be perceived that the five sets of money columns, on opposite sides of the cash-book, represent five different accts.

The first sets contain a record of the receipts and payments of deposits. The balance is the amt. due the depositors as shown in the deposit ledger.

The second sets contain an acct. of notes received and paid, the balance showing the face value of notes on hand.

The third sets contain an acct. of the par value of stocks and bonds purchased and disposed of, the balance showing the par value of stocks and bonds on hand.

The fourth sets contain an acct. of profits and losses, earnings and expenses, the balance showing the net gain, or the net loss, of the business.

The fifth sets contain an acct. of the payments and receipts for premiums on investment securities, the balance showing either a resource or a liability.

In closing the cash-book, the five opposite sets of money columns should be balanced separately, and the balances should be brought down below the balance lines. The black ink balances on the debit side are liabilities; those on the credit side, resources. The difference will show the cash on hand and on deposit.

The balance of cash should be ascertained and verified, at the close of banking hours, every business day.

The number of sets of money columns of the cash-book may be increased or diminished as the business becomes more simple or complex.

Deposit Ledger.

The ledger of a savings bank might be like the standard ledger; but usually there is a marked difference in *form*, but none in *principle*.

The accts. are designated by numbers, and there are four sets of money columns. On the first line are written the number of the pass-book and the name of the depositor.

In the first column is the date. In the first set of money columns, deposits; second, dividends; third, withdrawals; fourth, balances. The last balance always shows the amount on deposit after the last entry.

The sum of all the last balances of all the ledger accts. shows the amount to the credit of all the depositors, and should equal the balance of deposits in the cash-book, for the same date.

As the space occupied by an % in the ledger is comparatively small, four, six, or even eight accts. are sometimes written on a page.

Knowing the number of accts. on a page of the ledger, and seeing the number of the pass-book presented, the acct. in the ledger can be readily found without the use of an index. There should, however, be an alphabetical index of the names of the depositors, so that an acct. may be readily found when the number is not known.

Pass-Book.

The Pass-Book is a small book containing the rules and regulations of the bank; instructions for the depositor; and blank forms of checks for withdrawing funds.

When the person makes his first deposit, he writes his name in the signature-book, and receives a pass-book, in which an % of his deposits, dividends, and withdrawals is kept, which is a duplicate of his % in the deposit ledger. The first column is for dates; the first set of money columns for deposits; second, dividends; third, withdrawals; fourth, balances.

The pass-book should be presented at the bank whenever a deposit is made or funds withdrawn. It should be returned to the bank when the % is closed.

All entries in the pass-book should be made by the treasurer, or by one of the tellers, the handwriting of the bank officer serving the purpose of a voucher.

Formerly, ledgers and pass-books had but *one* set of cash columns; but the old form is gradually giving place to the more modern practice of having *four* sets of money columns.

Loan Register.

The loan register is a modified form of a bills-receivable-book; in which a memorandum is made in regard to paper received for loans and discounts.

It has columns for number, date, payer, amounts, partial payments, balances due, rate, time when payable, security, interest payable, and approval of investment committee.

Stock-and-Bond Register.

The stock-and-bond register is also a modified form of bill-book in which a memorandum is made of stock and bond investments, purchased and disposed of.

It has columns for number, date of purchase, character of investment, par value, purchase price, book value, rate, date of maturity, interest and dividend payments, and approval by the investment committee.

These two books are merely registers of securities kept for convenience of reference, and need not be closed, all receipts and payments on account of investment securities being recorded directly in the cash-book.

Boston Deposit Register.

Most savings banks keep part of their funds in some national bank. Those of New England usually keep a deposit in Boston.

The book in which an acct. is kept with the bank of deposit is usually called the Boston Deposit Register. On the left-hand page are columns for date, number, drawer, drawee, amount, and balances. On this page a record is made of checks, drafts, bills of exchange, and other cash funds remitted to the bank of deposit, for which the bank is debited.

On the right-hand page are columns for date, number, in whose favor, exchange, amounts, and balances; and, on this page, a record is kept of sight-drafts drawn on the bank of deposit, for which the bank is credited as payer.

A small charge is usually made for exchange, on drafts drawn on the bank of deposit.

In closing the register, the footing of the exchange columns is posted to the cash-book, and the balance of the acct. is brought down, as the amount on deposit in Boston.

Time, Dates, etc.

To illustrate the correct method of conducting and recording a savings bank business, the books should be closed every day, and the proper tests should be applied for the correctness of the work.

But as business paper must have time to mature, in the following example, the date of the first day's business is Jan. 1, 1900. A memorandum is given for that day, the record of the transactions is written out, the books are closed, the statements made, and the tests of correctness applied.

No more business is done till the beginning of the next quarter, April 1st, when the work is continued as though the two days had been consecutive, but the time had been moving on a quarter of a year. The reason for this method will be readily perceived by the learner.

The example opens with the resources and liabilities of a bank already organized and in operation.

Questions for Review.

What is banking? What is a bank? What is a bank of deposit? Of discount? Of exchange? Of issue? What is a private bank? State bank? National bank? How is a private bank managed? A State bank? A national bank?

What is a savings bank? How organized? The design of savings banks? How managed? The principal officers? How selected? Duties of president? Duties of treasurer?

Describe the cash-book? How many pages? Left-hand page for what? Right? How ruled? How many sets of money columns? What written in each? What does the balance of each set show? How can the balance of cash be found? How often should the cash-book be closed? With what should the cash balance agree?

What might be the form of the deposit ledger? How does the ledger of a savings bank differ from a standard ledger? How are the accts. designated? How many sets of money columns? What in each? What does the last balance always show?

What is a pass-book? Of what is it a duplicate? When should it be presented at the bank? How ruled? What in each column? What is a loan register? How ruled? What in each column? Why not closed?

What is a stock-and-bond register? How ruled? What in each column? Why not closed?

What is said in regard to time in the following example? Why begin the work with a bank already in operation? Why let a day of work represent three months of time? So that business paper would have time to mature.

DIME SAVINGS BANK.

Statement of Resources and Liabilities of the Dime Savings Bank, Jan. 1, 1900.

RESOURCES.

From Loan Register.

Note #136, dated July 1, 1899, signed by Walter F. Roberts, payable 5 years from date, with interest semi-annually, at 5%, secured by mortgage on homestead 84 Spruce Street	$1,200.00
Note #137, dated Sept. 1, 1899, signed by Smith, Watson, & Co. payable in 4 months, with semi-annual interest, at 6%, secured by 15 shares B. & M. R. R. preferred stock	$1,800.00
Note #138, dated Oct. 1, 1899, signed by R. A. Hobbs, payable in 4 years, with interest semi-annually, at 4½%, secured by mortgage on Johnson block, with insurance policy for $10,000.00 assigned to the bank	$5,000.00
Note #139, dated Oct. 1, 1899, signed by Beals & Clark, payable one year from date, with semi-annual interest at 5%, secured by 20 shares First Nat. Bk. stock	$1,500.00

From Stock-and-Bond Register.

Two U. S. coupon bonds, dated Aug. 1, 1898, payable 1918, interest 3% quarterly, bought October 1, @ 1.02, par value $500.00 each, cost	$1,020.00
One St. Louis gold coupon bond, par value $1000.00, price 1.02½, interest at 5% semi-annually, cost	$1,025.00
Twenty shares B. & M. R. R. common stock, bought at 1.65, cost	$3,300.00
Two city of Malden coupon bonds, par $1000.00 each, bought at 1.03, cost	$2,060.00
One city of Boston registered bond, par value $5000.00, bought at 1.07, cost	$5,350.00

From Boston Deposit Register.

Amt. on deposit in First National Bank, Boston, Mass.	$2,568.12

From Cash-Book.

Cash on hand	$2,182.80
Total resources	$27,005.92

LIABILITIES.

DUE DEPOSITORS.

From Deposit Ledger.

No.	Names.	Amts.		No.	Names.	Amts.	
1	Arthur Wilson	925	50		Amt. brot. forward	20709	29
2	Peter Goss	972	09	15	Alfred Perry	812	91
3	Frank Welch	875	00	16	H. W. Fiske	908	76
4	J. B. Swift	984	15	17	Simon Davis	682	11
5	Albert Paine	637	84	18	Edward King	216	75
6	Eugene Holt	750	00	19	Jos. Adams	864	14
7	Edith Rand	947	11	20	George Drew	57	93
8	Amos Hall	973	18	21	Guaranty Fund	47	63
9	John Allen	698	12	22	Undivided Profits	114	53
10	James Morse	836	75	23	Adam Brown	500	00
11	Emma Draper	1000	00	24	Peter Warren	600	00
12	Shade Tree and Cemetery Fd.	10000	00	25	Nathan Prouty	500	00
13	Thomas Green	328	14	26	Henry M. Cross	600	00
14	Levi Bowker	781	41		Total from the		
	Amt. forward	20709	29		Deposit Ledger	26614	05

From the Cash-Book.

Balance of the Profit and Loss %	391.87
Total Liabilities	$27,005.92

The learner will now open, and write up the loan register, comparing his work with the form given in the text, but not copying it.

He will then open and write out the stock-and-bond register in a similar manner.

Then the Boston deposit register, showing the balance due from the First National Bank Boston; then the deposit ledger, showing the balance due each depositor, in the order of the numbers given above; then the cash-book, showing the balances of resources and liabilities, viz.:

Resources, Notes, $9500.00; Stocks and Bonds, $11,000.00; Premium %, $1755.00.

Liabilities, Deposits, $26,614.05; Profit and Loss, $391.87.

He will then write out in the several books, the record of transactions noted in the memoranda for Jan. 1, 1899.

MEMORANDA, JAN. 1, 1900.

Eugene Holt deposits cash $175.00.

Amos Hall withdraws cash $256.00.

George Drew deposits William Smith's check #271, on Brocton Nat. Bank, for $150.00.

(All checks are remitted to Boston as soon as received.)

(Deposit Ledger and Boston Dep. Reg.)

Sold Lewis Fling draft on First Nat. Bank; face of draft $500.00. Recd. cash, plus exchange ¼%.

Edward King deposits $250.00.

Mrs. Edith Rand withdraws cash $75.00.

Simon Davis deposits Charles Sumner's check #863, on Shawmut Nat. Bank, $268.91.

Received check for dividend on B. & M. R. R. common stock, 1½% on $2000.00, $30.00.

Sold Peter Goss draft on First Nat. Bank for $400.00, which we have charged to his %, plus exchange ¼%.

(Debit Peter Goss and credit bank.) Paid cash for stationery, $7.50.

(Debit Profit and Loss in cash-book.)

John Alden deposits $164.38.

Walter F. Roberts pays the interest due on his note, $30.00.

Sold Miss Emma Draper draft on Boston for $600.00, and charged the same to her %, plus exchange ¼%.

Albert Paine deposits cash, $25.00, and A. P. Green & Co.'s check #53, on Third Nat. Bank, Boston, for $37.16. (We remit all checks to Boston, and charge them to the First Nat. Bank on the debit side of the Boston Dep. Reg.)

Remitted to Boston, coupon from city of St. Louis bond, due this day, $25.00.

(Credit Profit and Loss in cash-book, and debit bank, in Boston Dep. Reg.)

Frank Welch deposits cash, $47.13.

J. B. Swift withdraws cash, $50.00.

Arthur Wilson withdraws $25.00.

Smith, Watson, & Co. pay their note $1800.00, and interest due to date, $36.00, per check #578 on Shoe & Leather Nat. Bank, which we remit to Boston.

George Drew deposits $312.56.

Edward King deposits $80.00.

Remitted coupons from city of Malden bonds, $35.00.

(We remit coupons at *different times*, so that the learner may have practice in making the record. In actual business, of course, all the coupons due Jan. 1, would be sent to Boston in one package.)

Sold Amos Hall draft on Boston for $500.00, and charged the same to his %, plus exchange ¼%.

H. W. Fiske withdraws cash, $50.00.

Thomas Green deposits cash, $500.00.

Received check for interest on city of Boston registered bond, $87.50, which we remit to Boston.

Loaned Cyrus Stewart on his note payable three years from date, $900.00, with interest semi-annually, at 5%, secured by mortgage on house and lot #46 Essex Street.

Alfred Perry deposits $129.34.

Levi Bowker deposits $79.16.

Peter Goss withdraws $175.00.

James Morse withdraws $63.17.

Loaned Alfred Jones on his note at three months, $1000.00, interest at 6%, secured by 10 shares Boston & Albany R. R. stock. Paid him per draft on Boston without charge for exchange.

The student will now balance the books and obtain the following results:

Resources.			Liabilities.		
Bal. of Notes	9600	00	Bal. of Deposits	26634	77
Bal. of Stocks and Bonds	11000	00	Bal. of Profit and Loss	632	87
Bal. of Premiums	1755	00			
Bal. of Cash	4912	64			
Total resources	27267	64	Total liabilities	27267	64

Cash in drawer	2874	95
Cash in First National Bank	2037	69
	4912	64

Proof of the Deposit Ledger.

No.	Names.	Amts.		No.	Names.	Amts.	
1	Arthur Wilson	900	50		Amt. brot. forward	19589	20
2	Peter Goss	396	09	15	Alfred Perry	942	25
3	Frank Welch	922	13	16	H. W. Fiske	858	76
4	J. B. Swift	934	15	17	Simon Davis	951	02
5	Albert Paine	700	00	18	Edward King	546	75
6	Eugene Holt	925	00	19	Jos. Adams	864	14
7	Edith Rand	872	11	20	Geo. Drew	520	49
8	Amos Hall	215	93	21	Guaranty Fund	47	63
9	John Allen	862	50	22	Undivided Profits	114	53
10	James Morse	773	58	23	Adam Brown	500	00
11	Emma Draper	398	50	24	Peter Warner	600	00
12	Fund	10000	00	25	Nathan Prouty	500	00
13	Thomas Green	828	14	26	Henry M. Cross	600	00
14	Levi Bowker	860	57				
	Amt. forward	19589	20		Total Deposits	26634	77

From the above, it will be noticed that the sum of the balances of the deposit ledger equals the balance of deposits in the cash-book. This is the proof of the posting; and should be applied each month of this example, and at least once a year in a real savings bank.

LOAN

No.	Date.	Name.	Amt.	Partial Payments.	Bal. due.	Rate.	Time.
	1899						
136	July 1	Walter F. Roberts	$1200 00			5%	5 yrs.
137	Sept. 1	Smith, Watson, & Co.	1800 00			6%	4 mos.
138	Oct. 1	R. A. Hobbs	5000 00			4½%	4 yrs.
139	Oct. 1	Beals & Clark	1500 00	Apr. 1 500 00	1000 00	5½% 4½%	1 yr. 6 mos.
	1900						
140	Jan. 1	Cyrus Stewart	900 00			5%	3 yrs.
141	" 1	Alfred Jones	1000 00			6%	3 mos.
142	Apr. 1	Abner Perkins	1000 00			4%	5 yrs.
143	" 1	Frank Howe	1100 00			6%	6 mos.
144	July 1	Jacob Boody	2000 00			4½%	2 yrs.
145	Oct. 1	Perkins & Mason	1500 00			5%	1 yr.

STOCK-AND-BOND

No.	Date of Purchase.	Character of Investment.	Par Value.
	1899		
1687	Oct. 1	U. S. Coupon Bond	500 00
1688	" 1	U. S. Coupon Bond	500 00
642	May 1	St. Louis Gold Coupon Bond	1000 00
	1900	10 Shares sold Oct. 1, 1899.	
1346	Jan. 1	B. & M. R. R. Common Stock	2000 00
328	Apr. 1	City of Malden Coupon Bond	1000 00
329	" 1	City of Malden Coupon Bonds	1000 00
628	Mar. 1	City of Boston Registered Bonds	5000 00
410	Apr. 1	City of Lowell Coupon Bonds	1000 00
312	July 1	City of Somerville Coupon Bonds	1000 00
50	Oct. 1	5 Shares Hide & Leather Nat. Bank Stock	500 00
	" 1	B. & L. R. R. Coupon Bonds	2000 00

REGISTER.

When Paid.	Security.	Interest Payments. January.	April.	July.	October.	Approval of Committee.
1900 Jan. 1	Mortgage on homestead $84 Spruce Street	30 00		30 00		
	15 Shares B. & M. Pref. Stock	36 00				
	Mortgage on Johnson Block. Ins. policy $10,000.00 assigned		112 50		112 50	
Oct. 1	20 Shares First Nat. Bank Stock		41 25		22 50	
	Mortgage on homestead $46 Essex St.			22 50		
Apr. 1	10 Shares B. & A. R. R. Stock		15 00			
	Mortgage on homestead				20 00	
Oct. 1	10 Shares B. & L. R. R. Stock				33 00	
	Mortgage on Brick Block on —— St., Salem, Mass.					
	20 Shares Fourth Nat. Bank					

REGISTER.

Cost.	Book Value.	Rate.	Date of Maturity.	Interest and Dividend Payments. January.	April.	July.	October.	Approval of Committee.
1.02	510 00	3%	1918, Aug. 1		3 75	3 75	Sold July 1	
1.02	510 00	3%	1918, Aug. 1		3 75	3 75	3 75	
1.02½	1025 00	5%	1901, Jan. 1	25 00		25 00		
1.65	3300 00	6%		30 00	30 00	30 00	30 00	
1.03	1030 00	3½%	1905, July 1	17 50		17 50		
1.03	1030 00	3½%	1905, July 1	17 50		17 50		
1.07	5350 00	3½%	1920, Jan. 1	87 50		87 50		
1.15	1150 00	4%	1920, Oct. 1				20 00	
1.12¼	1122 50	4½%	1909, Oct. 1				22 50	
1.12	560 00							
1.11½	2230 00	4%	1916, July 1					

CASH-BOOK.

Dr. CASH.

Date.	L. F.	No.	Names, &c.	Deposits.	Notes.	Stocks and Bonds.	Profit and Loss.	Premium Account.
1900 Jan. 1			Balances	26 614 05			391 87	
	3	6	Eugene Holt	175 00				
	6	20	George Drew	150 00				
	6	18	Edward King	250 00				
	6	17	Simon Davis	268 91				
			Dividend B. & M. R. R. Stock				30 00	
	4	9	John Allen	164 38				
			Int. on Walter F. Robert's note				30 00	
	3	5	Albert Paine, 25.00, 37.16	62 16				
			Int. on City of St. Louis Bond				25 00	
	2	3	Frank Welsh	47 13				
			Note and Int. Smith, Watson, & Co.		1 800 00		36 00	
	6	20	George Drew	312 56				
	6	18	Edward King	80 00				
			Int. on City of Malden Bonds				35 00	
	5	13	Thomas Green	500 00				
			Int. on City of Boston Bond				87 50	
	5	15	Alfred Perry	129 34				
	5	14	Levi Bowker	79 16				
			Exchange from Boston Dep. Reg.				5 00	
			Balances		9 600 00	11 000 00		1 755 00
				28 832 69	11 400 00	11 000 00	640 37	1 755 00

CASH-BOOK.

CASH. Cr.

Date.	L. F.	No.	Names, &c.	Deposits.	Notes.	Stocks and Bonds.	Profit and Loss.	Premium Account.
1900 Jan. 1			Balances		9 500 00	11 000 00		1 755 00
	3	8	Amos Hall	256 00				
	3	7	Mrs. Edith Rand	75 00				
	2	2	Peter Goss	401 00				
			Paid for Stationery				7 50	
	4	11	Miss Emma Draper	601 50				
	2	4	J. B. Swift	50 00				
	2	1	Arthur Wilson	25 00				
	3	8	Amos Hall	501 25				
	5	16	H. W. Fiske	50 00				
			Loaned Cyrus Stewart on his note secured by mortgage		900 00			
	2	2	Peter Goss	175 00				
	4	10	James Morse	63 17				
			Loaned Alfred Jones on his note secured by R. R. Stock		1 000 00			
			Balances	26 634 77			632 87	
				28 832 69	11 400 00	11 000 00	640 37	1 755 00

CASH-BOOK.

Dr. CASH.

Date.	L. F.	No.	Names, &c.	Deposits.	Notes.	Stocks and Bonds.	Profit and Loss.	Premium Acct.
1900 April 1			Balances brot. down	26 634 77			632 87	
	7	23	Adam Brown	23 00				
	8	26	Henry M. Cross	32 75				
	2	2	Peter Goss	367 18				
			Int. on R. A. Hobbs' note				112 50	
	8	25	Nathan Prouty	186 47				
			Int. and part payment Beals and Clark's note		500 00		41 25	
	6	19	Joseph Adams	61 23				
			Int. on U. S. Bonds				7 50	
	4	11	Emma Draper	342 09				
	3	5	Albert Paine	13 75				
	7	24	Peter Warner	118 11				
	8	25	Nathan Prouty	168 73				
	3	8	Amos Hall	589 10				
	2	4	J. B. Swift	112 14				
			Rec'd ck. for principal and int. A. Jones' note		1 000 00		15 00	
	8	26	Henry M. Cross	107 04				
			Dividend B. & M. R. R. Stock				30 00	
			Exchange from Dep. Reg.				3 07	
	7	21	Guaranty Fund	69 06				
			Dividend credited to depositors per schedule	529 11				
	7	22	Undivided Profits	238 27				
			Balances		10 200 00	12 000 00		1 905 00
				29 592 80	11 700 00	12 000 00	842 19	1 905 00
July 1			Balance	28 624 33				

CASH-BOOK.

CASH. Cr.

Date.	L. F.	No.	Names, &c.	Deposits.	Notes.	Stocks and Bonds.	Profit and Loss.	Premium Acct.
1900 April 1			Balances brot. down		9 600 00	11 000 00		1 755 00
	2	3	Frank Welsh	236 00				
	7	24	Peter Warner	75 00				
	2	4	J. B. Swift (per draft)	250 63				
	5	15	Alfred Perry (perdraft)	125 00				
			Paid for City of Lowell Bond at 1.15 per draft		1 000 00			150 00
	3	6	Eugene Holt	128 34				
	5	13	Thomas Green	75 00				
			Loaned Abner Perkins on his note secured by mortgage		1 000 00			
	2	1	Arthur Wilson	78 50				
			Loaned Frank Howe on his note secured by R. R. Stock		1 100 00			
			Paid for recording mortgages and examining titles				5 75	
			Guaranty Fund $\frac{1}{4}$ of 1% of amount on deposit				69 06	
			Dividend 2%				529 11	
			Undivided Profits				238 27	
			Balance	28 624 33				
				29 592 80	11 700 00	12 000 00	842 19	1 905 00
July 1			Balances		10 200 00	12 000 00		1 905 00

BOSTON DEPOSIT REGISTER.

FIRST NATIONAL BANK. Dr.

Date.	No.	Drawer.	Drawee.	Amount.	Balances.
1900 Jan. 1		Balance on deposit			2 568 12
	271	William Smith	Brockton National Bank	150 00	
	863	Charles Sumner	Shawmut National Bank	268 91	
	945	B. & M. R. R. Co.		30 00	
	53	A. P. Green & Co.	Third National Bank	37 16	
		Jan. Coupon from	St. Louis Bond #642	25 00	
	578	Smith, Watson, & Co.	Shoe and Leather National Bank	1 836 00	
		Jan. Coupon from	City of Malden Bond	35 00	
		" " "	City of Boston Bond #435	87 50	2 469 57
					5 037 69
April 1		Balance brought down			2 037 69

BOSTON DEPOSIT REGISTER.

FIRST NATIONAL BANK. Cr.

Date.	No.	In Whose Favor.	Exchange.	Amount.	Balances.
1900					
Jan. 1	112	Lewis Fling	1 25	500 00	
	113	Peter Goss	1 00	400 00	
	114	Miss Emma Draper	1 50	600 00	
	115	Amos Hall	1 25	500 00	
	116	Alfred Jones		1 000 00	3 000 00
		Exchange Cr. (Posted to Cash-Book)	5 00		
		Balance (Amount due us)			2 037 69
					5 037 69

DEPOSIT LEDGER.

No. 1. ARTHUR WILSON.

Date.	Deposits.		With-drawals.		Divi-dends.		Bals.	
1900								
Jan. 1							925	50
" 1			25	00			900	50
Apr. 1			78	50			822	00
" 1					18	25	840	25
July 1	26	63					866	88
Oct. 1	56	50					923	38
" 1					12	79	936	17

No. 3. FRANK WELCH.

Date.	Deposits.		With-drawals.		Divi-dends.		Bals.	
1900								
Jan. 1							875	00
" 1	47	13					922	13
Apr. 1			236	00			686	13
" 1					17	97	704	10
July 1			42	07			662	03
Oct. 1	36	18					698	21
" 1					10	24	708	45

PASS-BOOKS.

No. 2. PETER GOSS.

Date.	Deposits.		With-drawals.		Divi-dends.		Bals.	
1900								
Jan. 1							972	09
" 1			401	00			571	09
" 1			175	00			396	09
Apr. 1	367	18					763	27
" 1					13	68	776	95
Oct. 1	38	00					814	95
" 1					11	64	826	59

No. 4. J. B. SWIFT.

Date.	Deposits.		With-drawals.		Divi-dends.		Bals.	
1900								
Jan 1							984	15
" 1			50	00			934	15
Apr. 1			250	63			683	52
" 1	112	14					795	66
" 1					19	18	814	84
Oct. 1			75	00			739	84
" 1					12	21	752	05

MEMORANDUM FOR APRIL, 1899.

Adam Brown deposits cash, $23.00

Henry M. Cross deposits $32.75.

Frank Welch withdraws $236.00.

Peter Warner withdraws $75.00.

Sold J. B. Swift draft on Boston, for $250.00, and charged the same to his %, plus exchange $250.63. (Dep. led. and Boston dep. reg.)

Peter Goss deposits Roger A. Smith's check, #67, on Fourth Nat. Bank, for $367.18.

Remitted the check to Boston.

Alfred Perry withdraws $125.00, which we pay per draft on First Nat. Bank, without exchange.

Received from R. A. Hobbs, his check, #113, on Newton Nat. Bank, to pay interest on his note, $112.50. Remitted check to Boston.

Nathan Prouty deposits cash, $186.47.

Received from Beals & Clark, $500.00, on their note, as a partial payment, and the amt. of interest due to date, $41.25. We also agree to reduce the rate of interest on the bal. to 4½%.

Purchased of Geo. A. Fernald & Co., city of Lowell, 5%, coupon bond, par value, $1000.00, at 1.15. Gave draft on Boston for the amount, $1150.00.

Jos. Adams deposits cash, $61.23.

Eugene Holt withdraws $128.34.

Remitted coupons from U. S. bonds #1687 and #1688, $7.50, to First Nat. Bank.

(Credit Profit and Loss, and debit the bank.)

Miss Emma Draper deposits $342.09.

Albert Paine deposits $13.75.

Thomas Green withdraws $75.00.

Peter Warner deposits $118.11.

Nathan Prouty deposits Silas Leland's check #41, on Palmer National Bank, for $168.73, which we remit to Boston.

Sold D. W. Shephard, for cash, draft on Boston for $500.00, exchange ¼%.

Amos Hall deposits Paul Whidden's check #97, on Pittsfield National Bank. Remitted check to Boston, $589.10.

Loaned Abner Perkins $1000.00 for 5 years, at 4% semi-annual interest, secured by mortgage on homestead.

J. B. Swift deposits Roscoe Gray's check #457, on Appleton National Bank, Lowell, for $112.14.

Alfred Jones pays his note and interest to date, per check on Milford National Bank. Remitted check, $1015.00.

Arthur Wilson withdraws $78.50.

Henry M. Cross deposits Nelson Boyd's check #79, on Franklin National Bank, Franklin, Mass., for $107.04.

(All checks and drafts are remitted to Boston, as soon as received.)

Sold Allen Daniels, for cash, draft on Boston for $475.00. Exchange ¼%.

Received check for dividend on B. & M. R. R. common stock, 1½% on $2000.00, $30.00.

Loaned Frank Howe for 6 months, at 6%, $1100.00, secured by 10 shares Boston & Lowell R. R. stock.

Paid cash for recording mortgages and examining titles, $5.75.

DIVIDEND.

The books of our example for Jan. 1, 1900, show that the bank had been in operation previous to that time.

Also, from the balance of the guaranty fund, and of the reserved profits, in the deposit ledger, it is evident that at least one dividend had been declared. No dividend was declared Jan. 1, 1899.

But the law of Massachusetts requires that "ordinary dividends shall be made every six months." Therefore we presume that a dividend was declared Oct. 1, 1898.

Hence, if our earnings have been sufficient, a dividend should be made April 1, 1899.

The statutes of Massachusetts in regard to savings banks require that "Every such corporation shall, at the time of making each semi-annual dividend, reserve as a guaranty fund, from the net profits which have accumulated during the six months then next preceding, not less than one-eighth, nor more than one-fourth of one per cent., of the whole amount of the deposits, until such fund amounts to five per cent. of the whole amount of deposits, which shall thereafter be maintained and held to meet losses in its business from depreciation of its securities or otherwise."

From this requirement, it will be perceived that the first thing to

be done in preparing to make a dividend, is to ascertain the amount of net earnings of the bank during the six months previous to April 1, 1899. This we find from the cash-book to be $836.44.

We then find that the total amount of deposits as shown by the deposit ledger is $27,787.89.

But the ¼% has already been set apart from the guaranty fund, $47.63; and from the reserved profits, $114.53. Deducting the sum of these, $162.16, from the above amount of deposits, we have $27,625.73, the amount upon which to compute the guaranty fund for the six months next preceding April 1, 1900. One fourth of one per cent. of $27,625.73 is $69.06, the amount to be transferred from the net profits to the guaranty fund. The transfer is made by writing with red ink, in the profit and loss columns of the credit side of the cash-book, the amt. of the guaranty fund, $69.06; and the same amt. to the credit of the guaranty fund in the deposit columns of the debit side of the cash-book with black ink. This subtracts the amount from the earnings and adds the same amount to the deposits.

We then proceed to prepare a dividend schedule.

The law declares that "Ordinary dividends shall be made every six months, and shall not exceed two and one half per cent. on all sums which have been on deposit for the six months then next preceding, or one and one fourth per cent. on all sums which have been on deposit for the three months then next preceding; and no ordinary dividend shall be declared or paid except as above provided, nor upon a deposit of less than three months' standing."

Provision is also made in the law that no dividend need be paid on fractional parts of a dollar. Hence in this example we discard fractions of dollars in making up the averages for our dividend schedule, but retain them for the averages.

In order that paper may have time to mature, and that the example may not be too long and tedious, the plan was adopted to receive and pay out deposits only the first day of each quarter. Hence whatever amount was on deposit the first day of October, 1899, would remain on deposit till the last day of December, 1899, and would be the average of deposit for the three months next preceding Jan. 1, 1900.

But the amount of each depositor's balance the last day of December, 1899, is given in the statement of the liabilities of depositors for January. Hence those balances will be the averages for the first three months of our schedule.

For the next three months the last amount on deposit in January

will be the amount on deposit from that time till March 31, and will be the average of deposits for the second quarter.

Hence, for the second part of our dividend schedule, we take the *last* balances of the several accts. of the deposit ledger for January, omitting of course the guaranty fund and the reserved profits %.

Now as the dividend is to be computed on the average of the deposits for the six months, we add the amount for the first quarter to that of the second quarter, and divide the sum by two. This amt. will be the average for the six months. Multiplying this by the rate of the dividend, we have the amount of dividend.

Thus Arthur Wilson's average for the first quarter, from Oct. 1, 1899, to Dec. 31, 1899, is $925.00. His average for the next quarter, from Jan. 1, 1899, to March 31, 1899, is $900.00. These two sums added amount to $1825.00. Dividing this by two, we have the average for six months, $912.50. Multiplying this by .02, the rate of dividend, and we have $18.25, Arthur Wilson's dividend for April 1, 1900.

The learner will now make out a dividend schedule from his deposit ledger and find the following results.

DIVIDEND SCHEDULE.

Nos.	Names.	Averages.		Dividends.	
1	Arthur Wilson	912	50	18	25
2	Peter Goss	684	00	13	68
3	Frank Welch	898	50	17	97
4	J. B. Swift	959	00	19	18
5	Albert Paine	668	50	13	37
6	Eugene Holt	837	50	16	75
7	Edith Rand	909	50	18	19
8	Amos Hall	594	00	11	88
9	John Allen	780	00	15	60
10	James Morse	804	50	16	09
11	Emma Draper	699	00	13	98
12	S. T. & C. Fund	10000	00	200	00
13	Thomas Green	578	00	11	56
14	Levi Bowker	820	50	16	41
15	Alfred Perry	877	00	17	54
16	H. W. Fiske	883	00	17	66
17	Simon Davis	816	50	16	33
18	Edward King	381	00	7	62
19	Jos. Adams	864	00	17	28
20	Geo. Drew	288	50	5	77
23	Adam Brown	500	00	10	00
24	Peter Warner	600	00	12	00
25	Nathan Prouty	500	00	10	00
26	Henry M. Cross	600	00	12	00
		26455	50	529	11

We find the sum of the averages, $26,455.50. Two % of this, the rate of dividend to be paid, is $529.11, the total dividend.

The several amounts of the dividends from the dividend schedule we now credit to the individual depositors, in the proper columns of the deposit ledger, and also in the pass-books of the depositors, carrying out the proper balances in the balance column.

But we have thus added to the amt. in the deposit ledger, $529.11, which we have taken from the earnings of the bank. The cash-book must therefore be so adjusted as to correspond with the deposit ledger. We therefore debit dividend, with red ink, in the profit and loss columns of the credit side of the cash-book, and credit the amt. of the same in the deposit columns of the debit side of the cash-book with black ink.

Thus the amount of the dividend is transferred from the earnings of the bank, to the credit of the depositors.

After transferring the guaranty fund, and the dividend, from the earnings to the deposits, there remains in the profit and loss columns a balance of $238.27. This sum we now transfer to the undivided profits % in the ledger, and to the deposits columns in the cash-book, in the same manner as we have transferred the guaranty fund and the dividend.

Thus on the credit side of the cash-book, we have three red ink entries; and on the debit side, three black ones: guaranty fund, $69.06; dividend, $529.11; undivided profits, $238.27.

We then proceed to balance the cash-book, as in January, and find the following results.

Balance of deposits	$28,624.33
Balance of notes	10,200.00
Balance of stocks and bonds	12,000.00
Balance of premiums	1,905.00
Balance of cash	4,519.33
	$28,624.33
Cash in drawer	$2,472.45
Cash in First Nat. Bk.	2,046.88
Bal. of cash, as above	$4,519.33

MEMORANDUM FOR JULY.

Thomas Green deposits $54.17.

Albert Paine deposits Solon Upton's check # 63, on Spencer National Bank, for $104.15.

Remitted check to Boston.

Paid interest on S. T. & C. Fund, $200.00.

Joseph Adams withdraws $134.57, which we pay him per draft on Boston. He pays exchange in cash ¼%.

Simon Davis deposits $32.65, making the sum of his deposits, $1,000.00. This is the legal limit of deposits to be received by a savings bank in Massachusetts from any individual depositor, except in the case of Shade Tree and Cemetery funds, and money deposited by order of the courts.

Received from Walter F. Roberts, check #81, on Naumkeag Nat. Bank, Salem, for $30.00, to pay interest on his note #136.

Edward King deposits $39.74.

Edith Rand deposits David Calley's check #181, on Fall River Nat. Bank, $37.29.

Sold George Bell draft on Boston, for cash, $500.00, plus exchange ¼%.

Remitted coupons from U. S. bonds, $7.50.

Levi Bowker withdraws $264.32.

H. W. Fiske withdraws $46.33.

Cyrus Stewart pays cash for interest on his note, $22.50.

Sold U. S. bond #1687, @ 1.09¾, $548.75. (Credit $500.00 to stocks and bonds; $10.00 to premiums; and $38.75 to profit and loss.)

Paid for gas bill, $11.50.

Arthur Wilson deposits $26.63.

Frank Welch withdraws $42.07.

James Morse deposits Stephen Graham's check #16, on Prescott Nat. Bank, Lowell, for $78.14.

Remitted coupon from St. Louis bond, $25.00.

Sold Amos Hall draft on Boston for $200.00. Charged the same to his %, plus exchange ¼%.

Bought of Blake Brothers & Co., City of Somerville 4½ coupon gold bond #312, par value $1000.00, due Oct. 1, 1909, for which we pay 1.12¼, per draft on Boston.

Miss Emma Draper deposits $31.51.

George Drew deposits Levi Smith's check #108, on Oxford Nat. Bank, $100.00.

Loaned Jacob Boody $2,000.00 for two years, at 4½%, secured by mortgage on his brick block, situated on Blank Street, Salem, Mass. Insurance policy assigned to bank.

John Allen deposits cash, $27.72.

Received check for dividend on B. & M. R. R. common stock; 1½% on $2000.00, $30.00.

Mrs. Edith Rand deposits cash, $72.41.

This makes the balance of her deposit $1000.00, the limit allowed by law in Massachusetts. But dividends declared, and not paid out, may be credited on a thousand dollar deposit until the sum of the deposit and the dividends amounts to $1600.00. Then no more dividends can be credited. Thus no depositor's acct. in a Massachusetts savings bank can ever exceed $1600.00. In some States there is no legal limit to the amount to be deposited.

Remitted to Boston coupon from city of Malden bonds #328 and #329, $35.00.

John Allen withdraws $126.16.

Received check for interest on Boston city bonds, $87.50. Remitted to Boston.

The learner will now close the books and obtain the following results.

RESOURCES.

Balance of notes	$12,200.00
Balance of stocks and bonds	12,500.00
Balance of premiums	2,017.50
Balance of cash	1,764.13
Total resources	$28,481.63

LIABILITIES.

Balance of deposits	$28,214.79
Balance of profit and loss	266.84
Total liabilities	$28,481.63

Cash in drawer	$1,139.74
Cash in First Nat. Bank	624.39
Balance of cash as above	$1,764.13

MEMORANDUM FOR OCTOBER.

Arthur Wilson deposits $56.50.

Frank Welch deposits Nelson Webber's check #631, on Marblehead National Bank, for $36.18.

Peter Warner withdraws $300.00, which we pay per draft on Boston without exchange.

J. B. Swift withdraws cash, $75.00.

Received check 224, from R. A. Hobbs, on Newton National Bank, for $112.50.

Henry M. Cross deposits $87.11.

John Allen deposits $67.76.

Beals & Clark pay their note # 139, with interest to date, per check #1468, on Lynn National Bank, $1022.50.

Charles F. Towne deposits $300.00.

Eugene Holt deposits coupons from Seattle Water bonds, which we credit to him, and remit to Boston $75.00.

Remitted to Boston coupon from our U. S. bond # 1688, $3.75.

Peter Warner withdraws the whole of his deposit, $355.11, together with the amount of interest due to date, $9.83.

The learner will find that he has had $655.11 in the bank since the last dividend was declared, six months, and as the next dividend will be 1½%, we allow him 1½% on $655.11, $9.83. This amount we credit him in his pass-book, and in our deposit ledger, as a dividend. He will then have to his credit $364.94, which he withdraws. We charge the amount in his pass-book and take up the book. We also charge the same amount in our deposit ledger, and balance the %. Then, in the cash-book, we *credit* Peter Warner, on the *debit* side, with the dividend $9.83, and *debit* deposits, on the *credit* side for $364.94 withdrawn, and profit and loss, $9.83.

Received check for dividend on B. & M. R. R. common stock $30.00, which we remit.

Edward King deposits $112.04.

Joseph Adams withdraws $41.50.

Frank Howe pays cash for his note # 143, with interest to date, $1133.00.

Adam Brown deposits $200.00.

Remitted coupon from city of Lowell bond # 410, $20.00.

Sold Benjamin Gould draft on Boston for $400.00. Exchange ¼.

Received from Abner Perkins check # 374, on Holliston National Bank, for $20.00, to pay interest on his note # 142.

Nathan Prouty deposits $25.00.

George Drew deposits $121.00.

Remitted coupon from City of Somerville bond # 312, $22.50.

Peter Goss deposits $38.00.

H. W. Fiske deposits $35.50.

Abner Perry deposits his pension check, $36.00.

Miss Emma Draper withdraws $47.00.

James Morse withdraws $12.00

Albert Paine withdraws $17.39.

Loaned Perkins & Mason on their note secured by 20 shares Fourth National Bank stock, $1500.00, for one year, at 5%.

Bought of R. L. Day & Co. 5 shares Hide & Leather Bank stock, @ 1.12, $560. Paid per draft on Boston.

Thomas Green withdraws $25.25.

Levi Bowker deposits his check on Bunker Hill National Bank # 28, for $387.34. The limit of deposit allowed by the statute.

Paid salaries and expense per expense-book, $187.50.

Sold Kidder Peabody & Co. 10 shares B. & M. R. R. common stock, @ 1.91½, $1915.00. ($1000.00 should be credited to stocks and bonds, $650.00 to premiums, and $265.00 to profit and loss.) Received their check # 12481, on First National Bank, which we have remitted.

Bought of Blake Brothers & Co. $2000.00 R. & L. R. R. coupon 4's, due 1916, at 1.11½, $2230.00.

(Stocks and bonds, $2000.00, premium, $230.00.)

We now proceed to declare a dividend in the same manner as in April.

At the close of our work in October, we find that the sum of the balances of the deposit ledger is $28,918.97. Deducting the sum of the guaranty fund, $116.69, and of the undivided profits, $352.80, $469.49, there remains $28,449.48; the sum on which the amount of guaranty fund to be set apart from the net earnings is to be computed.

One-fourth of one per cent of $28,449.48 is $71.12, the amount of guaranty fund, which we transfer from the profit and loss columns to the depositors' columns of the cash-book, as explained in declaring the dividend in April.

We now proceed to prepare a dividend schedule for the six months next preceding October 31.

For the three months from April 1 to June 30, we take from the deposit ledger the last balances of April, and for the three months from July 1 to September 30, we take the last balances of July. Adding these, and dividing the result by two, we obtain the average of deposits on which the dividend is to be computed for the six months ending September 30.

We find the amount of the averages of all the depositors to be $27,185.00. Comparing this amount with the amount of net earnings, it is thought best to declare a dividend of only one and one-

half per cent. The learner will make a dividend schedule and obtain the following results.

DIVIDEND SCHEDULE.

No.	Names of Depositors.	Averages.	Dividends.
1	Arthur Wilson	853 00	12 79
2	Peter Goss	776 00	11 64
3	Frank Welch	683 00	10 24
4	J. B. Swift	814 00	12 21
5	Albert Paine	779 00	11 68
6	Eugene Holt	813 00	12 19
7	Edith Rand	945 00	14 17
8	Amos Hall	716 00	10 74
9	John Allen	828 50	12 43
10	James Morse	828 00	12 42
11	Emma Draper	770 00	11 55
12	Trust Fund	10000 00	150 00
13	Thomas Green	791 00	11 86
14	Levi Bowker	744 00	11 16
15	Alfred Perry	834 00	12 51
16	H. W. Fiske	853 00	12 79
17	Simon Davis	983 50	14 75
18	Edward King	574 00	8 61
19	Joseph Adams	875 00	13 12
20	George Drew	576 00	8 64
23	Adam Brown	533 00	7 99
25	Nathan Prouty	865 00	12 97
26	H. M. Cross	751 00	11 26
		27185 00	407 72

In computing the several dividends, all half cents have been discarded. This makes a discrepancy between the totals of the dividends and 1½% of the footing of the average column.

These several dividends will now be credited to the individual depositors, in the deposit ledger, and also in the pass-books. Thus $407.72 is transferred from the net earnings to the depositors in the deposit ledger. The same amount must therefore be transferred from the profit and loss columns to the deposit columns in the cash-book, by debiting dividend, $407.72, with red ink, in the profit and loss column, and crediting the same in the depositors' column.

There will remain a balance in the profit and loss column of $120.92, which we credit to the undivided profits' account in the deposit ledger, and transfer the same amount from the profit and loss columns to the deposit columns in the cash-book.

We then proceed to close the cash-book, and obtain the following results.

Resources.

Balance of notes	$11,600.00
Balance of stocks and bonds	14,000.00
Balance of cash	2,261.23
Balance of premiums	1,657.50
	$29,518.73

Liabilities.

Balance due depositors	$29,518.73

Balance of Deposits, October, 1899.

Nos.	Names.	Amounts.		Nos.	Names.	Amounts.	
1	Arthur Wilson	936	17		Amt. brot. forward	$21036	09
2	Peter Goss	826	59	15	Alfred Perry	883	30
3	Frank Welch	708	45	16	H. W. Fiske	878	38
4	J. B. Swift	752	05	17	Simon Davis	1014	75
5	Albert Paine	825	56	18	Edward King	714	76
6	Eugene Holt	900	60	19	Jos. Adams	779	70
7	Edith Rand	1014	17	20	Geo. Drew	755	90
8	Amos Hall	627	15	21	Guaranty Fund	187	81
9	John Allen	859	85	22	Undivided Profits	473	72
10	James Morse	868	23	23	Adam Brown	740	99
11	Emma Draper	750	63	25	Nathan Prouty	903	17
12	S. T. & C. Fund	10150	00	26	Henry M. Cross	850	16
13	Thomas Green	805	48	27	Chas. F. Towne	300	00
14	Levi Bowker	1011	16				
	Amt. forward	21036	09		Total Deposits	29518	73

NATIONAL BANKS.

Our present system of national banks was authorized by the national banking law of 1864. The original act has been modified and amended, from time to time, to meet the changing circumstances, but its essential provisions have remained substantially the same as when first enacted.

The banking code is quite long, and need not be given here in full. But a brief synopsis of its most important sections may aid the learner in more clearly understanding the subject.

Organization and Powers of National Banks.

An organization for carrying on the banking business may be formed by any number of natural persons, not less than five.

The persons uniting in the formation of such an association shall make an organization certificate, stating: —

1. The name assumed by the association.
2. The place of its location.
3. The amount of its capital stock.
4. The names and residences of its shareholders, and the number of shares of each.
5. The fact that the certificate is made for the purpose of organizing a national bank.

Corporate Powers of a National Bank.

A national bank may exercise the following corporate powers: —

1. Adopt and use a corporate seal.
2. Have succession for twenty years, unless legally dissolved.
3. Make contracts.
4. Sue and be sued.
5. Choose directors and other officers, and define their duties.
6. Make by-laws, not contrary to law.
7. Exercise such powers as shall be necessary to carry on the business of banking.

Real Estate.

A national bank may deal in real estate for the following purposes, and no others: —

1. Such as may be necessary for the transaction of its business.

2. Such as shall be mortgaged to it for securing debts previously contracted.

3. Such as may be conveyed to it in satisfaction of debts previously contracted.

4. Such as it shall purchase to secure debts due to it.

But a bank shall not hold real estate, purchased to secure a debt, more than five years.

Capital Stock.

In cities of 50,000 inhabitants, or more, no national bank shall be organized with *less* than $200,000 capital. In places of *less* than 50,000 inhabitants, no bank shall be organized with less than $100,000 capital, with one exception. In a place not having more than 6,000 inhabitants the Secretary of the Treasury may authorize the organization of a national bank with only $50,000 capital. One half the capital stock must be paid in before the bank is opened for business, and one fifth of the remainder every month till all is paid.

Directors.

The affairs of each association shall be managed by not less than five directors, who shall be elected annually, by the shareholders. They must be citizens of the United States, and at least three fourths of them must have resided in the State where the bank is located one year previous to their election.

Every director must own at least ten shares of the capital stock, and take an oath that he will perform his duties as director legally and faithfully.

One of the directors shall be chosen president.

Liability of Shareholders.

The private property of every shareholder is liable for the payment of the debts of the association, to an amount equal to the par value of his shares.

Deposit of Bonds.

Every national bank must deposit in the treasury at Washington a certain amount of interest-bearing United States bonds, for the security of its circulating notes. These are registered, and the interest is paid to the bank when due. If the bank fails to redeem its circulating notes, the bonds are sold and the proceeds are used to redeem the outstanding circulation.

Circulation.

After the bonds have been deposited, the comptroller will furnish to the bank 90% of the par value of the bonds in unsigned, registered bank notes, which, when signed by the president and cashier, are issued and circulated as money. They are really demand notes of the bank which issues them.

Every bank must keep five % of its circulating notes in the United States treasury for the redemption of its circulation.

Legal Tender of Bank Notes.

1. The notes of every national bank are receivable by every other national bank at their par value.

2. They are also receivable by the United States for all dues and taxes, except duties on imports.

3. They are payable by the United States for all debts, except principal and interest of the national debt.

Redemption of Circulating Notes.

1. Every national bank must redeem its notes on demand, at its own counter.

2. The treasurer of the United States shall redeem the notes of all closed banks; all worn, defaced, and mutilated notes, and all other notes when presented in sums of one thousand dollars, or multiples of that sum, in lawful money.

Surplus Capital.

Every bank is required, when about to declare a dividend, to set apart one tenth of the net gain since the previous dividend, as surplus capital. This must be continued until the surplus amounts to a sum equal to one fifth of the capital stock. This surplus can be used for banking purposes, as the other capital; but it cannot be used for paying *dividends*. It must be reserved to charge off *losses*, if needed.

Loans.

National banks are prohibited from loaning money on real estate as security, on their own capital stock as collateral, or on bank or treasury notes.

No bank can legally loan, in a single risk, more than one tenth the amount of its capital.

Reports.

Every national bank must report its financial condition to the Comptroller five times a year, on any past days, which he may designate. This necessitates the keeping of the books in such a manner that the true condition of the bank can be ascertained at the close of every day's business.

There are many other provisions in the national banking law which need not be noticed here.

Officers.

The President is the chief executive officer of the bank. He presides at all meetings of the directors, and acts for them when they are not in session. He signs certificates of stock, and circulating notes. He should be a man of wealth, of integrity, and of ability.

The Cashier is the chief financial officer of the bank. He attends all meetings of the board of directors, and acts as secretary. He signs checks, drafts, bills of exchange, and circulating notes. He has charge of the record books, and securities of the bank. He has a general oversight and supervision of the financial management of the bank.

The Receiving Teller receives all money paid into the bank, and makes the proper record in his cash-book.

The Paying Teller pays out money, and makes the proper record in his cash-book.

The General Book-Keeper has charge of the stock-ledger, and the cash-ledger.

The Deposit Book-Keeper has charge of the deposit ledger.

The Discount Clerk has charge of paper left in the bank for discount. He keeps the offering book and the discount register.

The Collection Clerk has charge of paper left in the bank for collection. He keeps the collection register, the home and foreign ticklers. He may also have charge of the deposit register.

The Voucher Clerk sorts and distributes the vouchers of the bank.

The Clearing-house Clerk takes charge of paper for the clearing-house, and makes the exchanges.

The messenger is the errand boy of the bank.

In large banks there may be more employees than have been mentioned above. In small banks there will be less.

BOOKS OF A NATIONAL BANK.

The Receiving Teller's Cash-Book.

This is a book in which the receiving teller makes a record of his receipts and payments. It has five sets of money columns: three for receipts; two for payments. The first set is for exchange; second for items to be posted; third for sundry receipts; fourth for checks to deposit book-keeper; fifth for foreign drafts and checks to collection clerk, and the balance of cash to the paying teller.

To close the book, foot the fifth set; foot the fourth set, and carry the footing to the fifth set; foot the third set; foot the second set, and carry the total to the third set; foot the first set, and carry the amount to the third set.

The cash should then be counted and passed to the paying teller, a receipt taken for the same, and the amount entered in the fifth set. Then, if no mistakes have been made, the footing of the three amounts in the third set will equal the footing of the three amounts in the fifth set.

The work should then be balanced and ruled off. The book should be closed at the end of every day's business.

The Paying Teller's Cash-Book.

This is a book in which the paying teller makes a record of his receipts and payments of cash funds. It has five sets of money columns: one for receipts; four for payments.

The first set is for balances and receipts; second for expense; third for amounts to be posted; fourth for sundry payments; fifth for net proceeds of discounts paid.

To close the book, foot the fifth set; foot the fourth set and carry the footing to the fifth set; foot the third set and carry the amount to the fifth set; foot the second set and carry the total to the fifth set; count the cash on hand and enter the amount in the fifth set with red ink; foot first set; foot the five amounts in the fifth set, and see that the footing equals that of the first set; rule off the work; bring down the red ink balance for the amount of cash on hand at the commencement of business the next morning.

The Discount Register.

This is an extended form of bill-book in which a record is made of loans made and paper discounted.

The book has five sets of money columns. The first set is for face value of paper; second, discount; third, collection and exchange; fourth, net proceeds paid in cash; fifth, net proceeds left on deposit.

At the close of the day's business, the money columns should be footed. The footing of the first set should be posted to the debit of loans and discounts in the cash-ledger; the footings of the second and third sets to the credit of profit and loss; a discount ticket should be made for each of the items of the fourth set and passed to the party for whom the paper is discounted, to be presented to the paying teller for payment; the several items in the fifth set should be written on discount slips, and passed to the deposit bookkeeper, to be credited as deposits.

The footing of the first set should equal the sum of the footings of the other four sets.

The Discount Tickler.

This is a book in which an acct. is kept of all discounted paper, under date of its maturity.

The left-hand page is for "home" paper, or paper payable in the place where the bank is located. The right-hand page is for "foreign" paper, or paper payable out of the place where the bank is situated.

On the left-hand page are columns for date of maturity, number, payer, check, amount, remarks. On the right-hand page are columns for date of maturity, number, payer, by whom collected, face value, debit charges, proceeds, remarks.

At the close of the day's business, the money columns should be footed; the face value of both home and foreign paper should be credited to loans and discounts, in the cash-ledger; the charges should be debited to profit and loss; and the several items in the net-proceeds columns should be debited to the parties making the collections, unless the proceeds are received.

The Collection Register.

This book is a modified form of bills-receivable book, in which a record is made of all paper received for collection. Sight paper, payable in the place where the bank is located, should be immediately presented for payment, and the net proceeds remitted or credited.

Sight paper, payable out of the place, should be forwarded to some responsible party for collection, as soon as the proper records are made.

Time paper should be transferred from the collection register to the collection tickler, under the date of maturity.

Paper left in the bank by regular depositors, for collection, should be short-extended in the pass-books, when left, and full extended, when paid.

As no items are ever posted from the collection register, it never need be closed. It has money columns for face value of paper, for credit charges, and for debit charges; but these items are merely for convenience of reference, to be transferred to other books.

The Collection Tickler.

This is a book to which time paper from the collection register is transferred, under the date in which it becomes due.

The left-hand page is for paper payable in the place where the bank is located; the right for paper payable out of the place.

On the left-hand page are money columns for face value; debit charges; net proceeds. On the right-hand page, columns for debit charges; face value of paper; credit charges; net proceeds.

Our charges for collection and exchange should be posted to the credit of profit and loss; the charges of other parties should be debited. The net proceeds when not remitted should be credited to the parties for whom the collections are made. The face value, less debit charges, should be debited to the parties making the collections, unless the proceeds are received.

Large banks frequently keep deposits with several national banks; but the principle is the same, whether a deposit is kept in one or several cities.

Boston Deposit Register.

This is a book in which an acct. is kept with the Merchants' National Bank, Boston. On the left-hand page is a record of all remittances made to the bank, and all collections made by the bank. On the right-hand page, a record is made of the drafts drawn on the bank, and of the charges for the same.

The total footing of remittances is posted to the *debit* of Merchants' National Bank; the total of the draft columns, to the *credit*

of the same bank. The *footing* of the exchange columns to the credit of profit and loss.

The red ink balance shows the amount on deposit in Boston.

The Stock Ledger.

The stock ledger is a ledger of the standard form, in which an acct. is kept with each shareholder of the bank, for his shares of capital stock.

The original subscribers are credited for payments till the par value is received.

When shares are sold, the par value is debited to the sellers, and credited to the buyers.

When a dividend is to be declared, the stock ledger should be closed, and the balances brought below the balance lines. The sum of all the black ink balances should equal the total amount of capital stock.

The Deposit Ledger.

Formerly accts. were kept with depositors, in a ledger of the standard form, debits on the left-hand side, and credits on the right. The accts. were closed in the usual manner, and the balances were brought below the balance lines at the end of the month. But most national banks now use a modified form which is very much more convenient.

The modified deposit ledger is a book in which an acct. is kept with individual depositors, cashier's checks, certified checks, and certificates of deposit. It is a wide book with the names of the depositors printed, alphabetically, on the left-hand margin, with blank spaces for new names.

There is one space for each acct.; four sets of money columns for each business day; two pages for each week.

The first set of money columns is for deposits; the second for checks in detail; the third for total checks; the fourth for balances.

At the close of the day's business, after the entries have all been made, the balance of each acct. should be found and written in the columns for balances. Each balance is obtained by adding the last balance to the deposit, and from their sum subtracting the total checks.

When all the balances have been found, and written in their proper places, the first, third, and fourth sets of columns should be

footed. The footing of the deposits columns should be debited, and the footing of the total checks columns should be credited to the deposits acct. in the cash ledger. The footing of the balance columns should equal the balance of the deposits acct. in the cash ledger.

The Cash Ledger.

It has not been a very long time since the general cash-book and general ledger, used in banks, were of the standard form, the trial balance and balance acct. being employed as tests of the accuracy of the posting and closing.

Later, modified forms were adopted, in many cases, which proved to be decided improvements over previous methods.

But, at the present time, the best accountants, in national banks, are beginning to abandon even the modified forms, and are combining the general cash-book and the general ledger in one book, — the cash ledger.

The cash ledger is a book, somewhat similar to the deposit ledger described above, designed to serve the double purpose of cash-book and ledger. To this book, the condensed results of all the financial transactions of the bank are transferred, from the books of original record.

The names of the accts. are printed on the left-hand margin, blank spaces being left for new accts. The book has one space for each acct.; three sets of money columns for each day; two pages for each week.

The first set of money columns is for debits; the second, for credits; the third, for balances. A wide column is left between the debit and credit columns for explanations.

The upper half of the page is for accts. representing liabilities; the lower, for resources.

Considered as a cash-book, it will be perceived that all the items representing payments of cash during the day are transferred from the books of original record to the first set of money columns of the cash ledger. Then, of course, the *sum* of these payments — the total footing of the columns — must be the total amount of cash paid out. Thus all the *items* of the columns are debit; the *footing* credit; or, in other words, "Sundries Dr. to Cash."

The debit set of columns corresponds to, and meets all the requirements of, the credit side of the cash-book of the standard form.

So of the credit columns. All the items representing *receipts of cash* are transferred from the books of the original record to the second set of money columns. Then the footing of the columns must be the total amount of cash received. Thus all the *items* are credit; the *footing* debit; or "Cash Dr. To Sundries."

Hence, the credit set of columns corresponds to, and meets all the requirements of, the debit side of a cash-book.

The two sets, together with the column for explanations, therefore constitute a general cash-book.

But the book also serves all the purposes of the general ledger.

Every debit item is posted to the first set of columns, except cash; and that is found by footing the second set.

Every credit item is posted to the second set of money columns, except cash; and that is found by footing the first set. Thus the work of the day is all posted to these two sets of money columns.

But the test of the accuracy of the posting will need to be applied. This was formerly done by means of the trial balance, in which all the debits of all the accts. of the ledger were collected in one set of columns, and all the credits in another set. The footings of these two sets of columns being equal, the work of posting was supposed to be correct.

But this test can be easily applied in the cash ledger. As has been said, the debit columns contain all the debits, except cash, and the credit columns, all the credits, except cash; we therefore foot the two sets of columns, and write the footings above a red line drawn in the middle of the space for the cash acct.

Now as the footing of the debit set contains all the debits, except cash, which is the footing of the credit set, and as the footing of the credit set contains all the credits, except cash, which is the footing of the debit set, — therefore if we transfer the footing of the credit columns to the lower half of the space for the cash acct. in the debit set, and the footing of the debit set to the lower half of the same space in the credit columns, the sum of the two amounts in the debit columns will contain all the debits, and the sum of the two amounts in the credit columns will contain all the credits. If no mistakes have been made, the two amounts will be equal.

Thus it will be perceived that the application of this test for the accuracy of the posting is very easy and simple.

With the standard ledger, the proof of the correctness of the closing of the ledger is the balance acct., showing the equality of the

resources and liabilities. This test involves considerable labor, and usually is applied only occasionally.

But with the cash ledger the proof of the correctness of the closing becomes very easy.

As soon as the items are all posted, and the accuracy of the work is proved, the balances of all the accts. are found, and written in their proper spaces.

But it will be remembered that all the accts. representing liabilities are arranged in the upper half of the page, and all those representing resources in the lower half.

Hence, all the balances in the upper half of the balance columns are liabilities, and correspond to the credit side of the balance acct.; and all the balances in the lower half are resources, and correspond to the debit side of the balance acct.

Then the footing of the upper half will contain all the liabilities, and the footing of the lower half, all the resources. If no mistakes have been made, these footings will be equal.

This test should be applied at the close of every day's business.

The Sundry Banks Register.

This is a book in which an acct. is kept with sundry banks — not regular correspondents — to which paper is sent, occasionally, for collection. In banks doing a large amount of collecting, the sundry banks register is frequently made a book of original record. It will not be used in the following example, because it might make the work too complicated for learners.

The most important of the books of a national bank have now been briefly described. There are others, commonly considered as auxiliary books, which need only be mentioned in this connection; their names suggest their forms and uses.

The United States Bond Deposit Register.

This is a book in which an acct. is kept of the bonds deposited with the treasurer of the United States to secure the redemption of f[illegible] circulating notes.

Th[illegible]

in o[illegible]

The Currency Register.

T[illegible]

requirem[illegible]s a book in which an itemized record is made of the issue, form[illegible], and withdrawal of the circulating notes of the bank.

The Stock and Bond Register.

This is a book in which a record is made of stocks and bonds purchased and disposed of, *other* than those deposited in the United States treasury. It is similar to the one described and used in the last example.

The Statement Book.

This is a book in which statements made to the comptroller, or to stockholders, are copied and preserved.

The Dividend Book.

This is a book in which the schedules of dividends declared are written and kept.

The Offering Book.

This is a book in which notes, stocks, bonds, and other securities offered for discount or purchase by the bank, are scheduled, for presentation to the finance committee, for acceptance or rejection.

The Standing Ledger.

This is a book in which the financial standing of regular dealers of the bank is kept. It is designed to show at a glance for how much each creditor is holden at the bank, as *payer* and *indorser*.

Tabular Statement for Making Entries in the Various Books of the Bank.

I. *Receiving Teller's Cash-Book.*

1st set. Exchange.
2d set. Receipts to be posted.
3d set. Sundry receipts.
4th set. Checks to deposit book-keeper.
5th set. Drafts to collection clerk.

II. *Paying Teller's Cash-Book.*

1st set. Balance on hand and cash received.
2d set. Profit and loss.
3d set. Payments to be posted.
4th set. Sundry payments.
5th set. Payments of loans and discounts.

III. *Discount Register.*

All paper received for loans and discounts.

IV. *Discount Tickler.*

1. On the left-hand page.

All discounted paper, payable in the place where the bank is located.

2. On the right-hand page.

All discounted paper, payable out of the place.

V. *Collection Register.*

All paper to be collected for other parties.

VI. *Collection Tickler.*

1. On the left-hand page.

All paper to be collected for other parties, payable in the place where the bank is located.

2. On the right-hand page.

All paper to be collected for other parties, payable out of the place.

VII. *Boston Deposit Register.*

1. On the left-hand page.
   - *a.* Remittances of cash funds to Merchants' National Bank.
   - *b.* Debits from the right-hand page of the discount tickler.
   - *c.* Debits from the right-hand page of the collection tickler.
2. On the right-hand page.
   - *a.* Drafts drawn on Merchants' National Bank.
   - *b.* Credits from the left-hand page of the collection tickler.

VIII. *Stock Ledger.*

1. Cash received for shares subscribed for, and shares afterward bought should be credited.
2. Shares sold should be debited.

IX. *Deposit Ledger.*

1. *Deposit Columns.*
   - *a.* Cash funds deposited.
   - *b.* Vouchers for cashier's checks issued.
   - *c.* Vouchers for certified checks issued.

d. Vouchers for certificates of deposit issued.
e. Net proceeds of discounts left on deposit.
f. Net proceeds of collections left on deposit.

2. *Checks in Detail Columns.*
a. Personal checks paid.
b. Cashier's checks paid.
c. Personal checks certified. (Charged to the drawer.)
d. Certified checks paid. (Charged to C. C. acct.)
e. Certificates of deposit paid.

3. *Total Checks Columns.*

Totals from preceding columns.

4. *Balance Columns.*

Amounts remaining on deposit found by adding the deposits to the last balances, and from their sum subtracting the total checks.

X. *Cash Ledger.*

Posting from books of original record.

1. From receiving teller's cash-book.
2. From paying teller's cash-book.
3. From discount register.
4. From discount tickler.
5. From collection tickler.
6. From Boston deposit register.
7. From deposit-ledger.

Whenever the learner is in doubt as to the proper record to be made, he should consult the above tabular form.

Organization of a National Bank.

When a national bank is to be organized, the whole of the proposed capital stock is subscribed; articles of association are adopted by the subscribers; an organization certificate is forwarded to the comptroller of currency, and his permission is obtained for the organization of a new national bank.

Then the subscribers for the capital stock choose a board of directors; the directors choose a president, cashier, and such other officers and clerks as may be needed; the subscribers pay in the money for their shares, as called for by the officers of the bank; United States government bonds are purchased and forwarded to the United States treasurer at Washington; ninety % of the par value of

the bonds in unsigned national bank notes are returned to the bank; these circulating notes are signed by the president and cashier and circulated as money.

Thus several weeks often pass after all the shares have been subscribed for, before the bank is opened to the public for the transaction of regular banking business.

But, in the following example, the records will be made in the books as though the preliminary transactions took place the day of the opening of the bank.

It will also be noticed that the dates of business paper are so arranged as to become due on certain days; thus giving time for paper to mature, but not requiring the books to be closed during the intervening time.

Questions for Review.

Before beginning to write out the memorandum of the following example, the learner should carefully review what has been written in regard to national banks; and the teacher should thoroughly test the student's knowledge, not only by the following questions, but by numerous others in regard to the subject.

What is said of the national banking code? How can a national bank be organized? What five things must be stated in the organization certificate? What are the seven corporate powers of a national bank? For how many purposes may a national bank hold real estate?

What amount of capital stock? When not less than $200,000? When not less than $100,000? When $50,000?

By whom are directors chosen? How many? Qualifications? Oaths? Residences? Amount of capital stock owned by each? Who elect the president? From whom?

What are the liabilities of stockholders? What kind of bonds must be deposited? When? Where? Why? What is received in return? What %? Who sign the bank notes? For what are they receivable? For what payable? Where are they redeemed?

What is said of surplus capital? How much must be reserved? For what purpose?

On what three classes of security are banks prohibited from loaning money? What is the limit of the amount to be loaned in one risk? Why?

How often must a national bank report to the comptroller of the currency?

Who is the president of the bank? His duties? His qualifications? The cashier? His duties? Duties of receiving teller? Paying teller? The general book-keeper? Deposit book-keeper? The discount clerk? Collection clerk? The voucher clerk? The clearing-house clerk? The messenger?

What is the receiving teller's cash-book? How many sets of money columns? What in each set? How closed? Proofs? When closed?

What is the paying teller's cash-book? How many sets of money columns? How many for receipts? How many for payments? What in each? How close the book? What is the red ink balance?

What is the discount register? How many sets of money columns? What in each? What should be done with the footing of the first set? The second? The third? The *items* of the fourth set? The *items* of the fifth set? What should the footing of the first set equal?

What is the discount tickler? What on left-hand page? What on right hand? When closed? Where should the footings be posted? Where the items?

What is the collection register? What should be done with sight paper, payable in the place where the bank is located? Sight paper payable out of the place?

Time paper payable in the place? Time paper out of the place? What is said of paper left for collection by regular depositors? Whose charges are debit? Whose credit?

Describe the collection tickler? Which page is "Home"? Which "Foreign"? How many sets of money columns on the left-hand page? How many on the right? What in each? Where should the charges be posted? Which debit? Which credit? What should be done with the net proceeds? What parties should be debited? Credited?

What is the Boston deposit register? What on the left-hand page? What on right? How many debits? How many credits? Where should the footings be posted?

What is the stock ledger? What should be credited? What debited? When closed? How proved?

What is a deposit ledger? What was formerly used? How closed? Describe the modified form? How many spaces for an acct.? How many columns for a day? What in each? When closed? How are the balances found? Where should the footings be posted? What is the proof?

What is a cash ledger? What was formerly used instead of the cash ledger? What later? What results are transferred to the cash ledger? Where are the ledger titles printed? How many spaces for an acct.? How many money columns for a day? What in first? What in second? What in third? What in the upper half of the page? What in lower half? Where is the column for explanations? What corresponds to the debit side of a general cash-book? What to the credit side? What to the whole cash-book? How does it serve the purpose of a general ledger? How is the correctness of the posting proved? The closing? What corresponds to the debit side of a balance acct.? What to the credit side? Where are all the liabilities found? The resources?

What are the advantages of the cash ledger over the cash-book and ledger?

What is a sundry banks register? Why not used in the following example?

What is the United States bond register? The currency register? The stock and bond register? The statement book? The dividend book? The offering book? The standing ledger?

What record should be made when money is deposited? When a check on our bank is deposited? When a check on any other bank is deposited? What, when a check is paid? When a check is certified? When a cashier's check is issued? When paid? When a C. C. is paid? When a C. of D. is issued? When paid? When a note is discounted? When a note is left for collection? When a dis. is paid, at our bank? When in Boston? When a col. is paid in our bank? When in Boston? When United States bonds are bought? When currency is received? When a draft is drawn on Boston?

When should the books be closed? What should be the order of closing? How can a national bank be organized? What is said about time in the following example?

PUBLIC SCHOOL NATIONAL BANK.

MEMORANDUM FOR JANUARY 3, 1900.

The subscribers have paid in the whole amount of the capital stock, as follows: —

	Name	Shares.	Amounts.
1.	Arthur B. Cutter	50	5,000
2.	Joseph F. Dean	75	7,500
3.	Charles Emery	25	2,500
4.	William E. Fuller	60	6,000
5.	George A. Gordon	200	20,000
6.	Mason W. Griffin	20	2,000
7.	Arthur E. Jones	80	8,000
8.	Samuel Lamont	40	4,000
9.	Edward L. Martin	90	9,000
10.	Albert J. Monroe	70	7,000
11.	Henry W. Putnam	100	10,000
12.	Otis M. Shaw	30	3,000
13.	Edwin B. Stone	40	4,000
14.	Eugene Webster	10	1,000
15.	Thomas J. Wilde	20	2,000
16.	Leroy Young	90	9,000
		1,000	100,000

The *total amount* of capital stock paid to the receiving teller is written in the second set of money columns of his cash-book. The *several amounts* paid in by the shareholders are short extended in the transaction columns, to be posted to the stock ledger.

The receiving teller passes the $100,000.00 to the paying teller, taking his receipt for the same, as a voucher, but making the record of this and subsequent payments to him at the close of the day's business.

Purchased United States government bonds, dated Aug. 1, 1898, payable in twenty years, with interest at 3% payable quarterly, par value $20,000.00 @ 1.08¼, which have been deposited in the treasury at Washington, and registered. (Pay. Tel. C. B.) (United States Bonds, $20,000.00 Premium, 1650.)

Received from the comptroller of the currency unsigned national bank notes, which have been signed and delivered to the receiving teller, and by him passed to the paying teller, $18,000.00. (90% of $20,000.00.) (R. T. C. B. and P. T. C. B.)

Paid for furniture and fixtures, $875.25.

Paid for books and stationery for use in the bank, $147.83.

Deposited in the United States treasury 5% of the circulating

notes of the bank, for redemption of the same, as required by the banking law. (5% of $18,000.00 = $900.00.) (P. T. C. B.)

Warren C. Bliss deposits cash, $400.00.

(R. T. C. B. and Dep. Led.)

Joseph F. Dean deposits $950.00.

Issued certificate of deposit, favor of Kingman & Co., for $1000.00, for which we have received cash plus exchange $\frac{1}{8}\%$.

The regular charge for certificates of deposit hereafter will be $\frac{1}{8}$ of one %, unless otherwise stated.

Paid Joseph F. Dean's check on our bank, $137.20. (P. T. C. B. and Dep. Led.)

Paid for stamps for use in bank $20.00. (P. T. C. B.)

Hatch and Perry deposit $1600.00.

Certified check for Warren C. Bliss for $78.50.

A check is certified by writing, or stamping, across the face of the check, with red ink, the word "certified," with the date and the name of the paying teller, or of the cashier. This renders the bank holden for its payment. Hence the amount must be deducted from the deposit of the drawer, and retained in the bank, for the payment of the check, when presented. This is done by debiting the drawer and crediting an accommodation acct. called a certified check acct. ("C. C." acct.) As no money is received or paid, when a check is certified, no record will be made by the tellers; but a voucher will be passed by the paying teller to the deposit book-keeper, who will debit the drawer and credit the "C. C." acct. for the amount, thus transferring the same from the depositor to the bank.

Issued a cashier's check, favor of Thomas Letson, for $300.00, for which received cash, plus exchange, $\frac{1}{8}\%$.

This will be the regular charge for cashier's checks, unless otherwise stated.

The receiving teller will enter the exchange, 38 cts., in the exchange columns, the face of the check, $300.00, in the sundry receipts columns, and pass a voucher to the deposit book-keeper, who will credit the face value to the cashier's acct. in the deposit ledger.

Howard Merrill deposits $650.00.

H. W. Putnam deposits $436.91.

Kingman & Co. deposit check #721 of Wilbor Pease, on Market National Bank, Boston, for $725.00. All foreign checks and drafts are forwarded to the Merchants' National Bank as soon as received, and the entry is made in the Boston deposit journal.

Certified check for Hatch & Perry, $375.87.

No charge is made for certifying checks.

Loaned S. S. Peters & Co. $2000.00 on their note, secured by 20 shares New York Central R. R. stock, payable 30 days from date, at our bank, with interest at 6%. (Discount register.)

David P. Evans deposits cash, $236.18.

Paid certified check, $78.50.

Bought United States bonds, registered 5's, par value $50,000.00 at 1.10 (P. T. C. B.).

Edward L. Martin deposits cash, $1500.00.

Richard Ross deposits H. W. Putnam's check on our bank for $176.43. Debit Putnam and credit Ross.

George A. Gordon deposits cash, $638.40.

Arthur E. Jones deposits cash, $300.00, and draft of Taunton Savings Bank, on National Security Bank, Boston, #17861, for $250.00.

(Remit draft to Boston.)

John K. Benton deposits for collection note signed by Simon Crocker, payable at Boston, dated Nov. 2, 1899, payable three months from date, face of note, $800.00. Charge for collection $\frac{1}{10}$ of one %.

Lewis C. Alger deposits cash, $77.18, and George A. Gordon's check on our bank for $263.50.

Sold Levi P. Draper draft on Merchants' National Bank, Boston. Face of draft, $300.00, exchange, $\frac{1}{4}$ of one %. Received cash.

The charge for drafts on Boston will be $\frac{1}{4}$% hereafter, unless otherwise stated.

Discounted note, signed by William F. Dow, indorsed by Simeon C. Lowe, dated Dec. 4, 1899, payable 60 days from date, face of note $600.00. Dis. 6%. Exchange $\frac{1}{10}$%. Paid Lowe cash for net proceeds, $596.40.

John K. Benton deposits cashier's check of our bank, $300.00. (Credit Benton and debit cashier's %.)

Arthur B. Cutter deposits draft #758 of Newton National Bk. on Third Nat. Bk., Boston, for $1000.00.

Hatch & Perry leave note for collection dated Nov. 4, 1899, signed by Hiram Call, payable at our bank, 90 days from date. We charge for collection $\frac{1}{10}$ of one %. Face of note $480.00.

Charles P. Knowles deposits cash, $775.00.

Issued certificate of deposit, favor of Howard Merrill, for $112.14, and charged the same to his %, plus exchange $\frac{1}{8}$%.

Kingman & Co. leave note for collection, signed by Manson Conant for $320.00, dated Dec. 4, 1899, payable 30 days from date, at our bank. Charge for collection $\frac{1}{10}$%.

Discounted for Henry W. Putnam, Seth P. Porter's note, dated Jan. 3, 1900, payable at our bank 30 days from date. Proceeds credited to Putnam as a deposit. Face of note $5000.00.

Sold Loren W. Jones cashier's check for $500.00. Exchange $\frac{1}{8}$%. Recd. cash.

Certified check for John K. Benton for $160.00.

Paid check of Warren C. Bliss, on our bank, for $37.90.

Paid Lewis C. Alger's check for $219.87.

Bought of John P. Morgan & Co., city of Omaha coupon bonds, due Oct. 1, 1900, par value $25,000.00, interest semi-annually at 6%. Paid cash, cost 1.01. Int. due April and October.

Paid for express and sundry items, $12.50.

Discounted for Hatch & Perry, their draft on Whittaker & Co., New York City, for $9500.00, dated Jan. 3, 1900, payable 30 days from date. Dis. 6%, ex. $\frac{1}{4}$. Proceeds to the credit of Hatch & Perry, $9428.75.

Paid George A. Gordon's check, $31.12.

Paid Jos. F. Dean's check, $12.50.

John K. Benton deposits cash, $10,000.00.

Manson Conant pays collection #6, per check #7, on Merchants' National Bank, Boston, $320.00.

Issued C. of D. favor of James Fogg, for $47.23. Recd. cash plus exchange.

Paid cash for C. C., $160.00.

Paid cash for C. of D., $112.14.

Sold Daniel J. Wood, draft on Boston for cash, $500.00, plus exchange.

Arthur E. Jones deposits Willis Piper's check, #763, on People's Nat. Bk. for $10,000.00, which we remit to Boston.

Discounted note, signed by Bolton & Wright, favor of John K. Beals, for $2000.00, dated Jan. 3, 1900, payable in Boston 90 days from date, with interest at $5\frac{1}{2}$%. Exchange $\frac{1}{4}$%. Net proceeds paid Beals in cash, $1967.50.

Sold William Lawton for cash, draft on Boston for $1600.00, plus exchange.

Paid Lewis C. Alger's check, $29.07.

Paid Kingman & Co's check, $13.14.

Paid Henry W. Putnam's check, $168.91.

Discounted Harvey Clay's note, dated Dec. 4, 1899, payable at our bank, 60 days from date, discount 6%, secured by 10 shares of Northern R. R. stock. Face of note $1000.00. Net proceeds to the credit of Richard Ross as a deposit.

Edward L. Martin leaves for collection, his draft on Haynes & Co., Minneapolis, Minn., for $3000.00, dated January 3, payable 30 days from date. Charge for collecting $\frac{1}{4}\%$. Forwarded draft to Northwestern National Bank, Minneapolis, Minn.

Arthur B. Cutter leaves for collection, note signed by Peter Coleman, dated Jan. 3, 1900, payable at Boston, 60 days from date, face of note $1500.00. Charge for collection $\frac{1}{10}\%$.

Closing the Books.

The learner will now close the books, and post the items. The order of closing is as follows:

1. Receiving teller's cash-book.
2. Paying teller's cash-book.
3. Discount register.
4. Discount tickler.
5. Collection tickler.
6. Boston deposit register.
7. Deposit ledger.
8. Cash ledger.

The stock ledger is closed only when a dividend is to be declared.

1. To close the receiving teller's cash-book.

Foot the fifth set of money columns, $12,295.00, and write in the explanation columns, "Total drafts and foreign checks."

Foot the fourth set; carry the amount $852.21 to the fifth set, and write, "Total checks to the deposit book-keeper."

Foot the third set, $35,763.97, and write, "Total sundry receipts."

Foot the second set; carry the amt., $118,000.00, to the third set; and write, "Total to be posted."

Foot the first set; carry the amt., $2.46, to the third set, and write, "Exchange Cr."

Ascertain the amount of cash already delivered to the paying teller; add this sum to the amount of cash on hand as counted; enter the total in the fifth set, $140,619.22; pass the money to the paying

teller; write, "Cash to paying teller;" balance the book; rule off the work; post the three items to the cash ledger.

2. To close the paying teller's cash-book.

Foot the fifth set of columns, $455,390.00, and write in the explanation column, "Proceeds of discounts paid."

Foot the fourth set; carry the amt., $1000.35, to the fifth set; and write, "Total sundry payments."

Foot the third set; carry the amt., $103,675.25, to the fifth set; and write, "Total amt. to be posted."

Foot the second set; carry the footing, $180.33, to the fifth set; and write, "Exchange Dr."

Count the money in the drawer; write, "Balance on hand;" and enter the amt., $31,209.39, in the fifth set.

Foot the first set, and see that it equals the sum of the five amounts in the fifth set, $140,619.22.

Post all the items in the third set.

Proof. The footing of the fifth set should equal the footing of the fourth set of the discount register. The footing of the fourth set should equal the sum of the checks, C. C's, C's of D., and cashier's checks passed to the deposit book-keeper. The footing of the first set must equal the amt. of cash to the paying teller in the receiving teller's cash-book.

3. *To close the discount register.*

Foot the five sets of money columns.

Post the footing of the first set to the debit of loans and discounts in the cash ledger. Post the footing of the second set, $123.00, and of the third set, $29.35, to the credit of profit and loss. Make cash tickets for the items of the fourth set, and pass them to the parties for whom the paper was discounted. Make deposit tickets for the *items* in the fifth set, and pass them to the deposit book-keeper. Transfer the notes to the discount tickler. Check the proper footings and items with red ink.

Proof. The footing of the first set equals the sum of the footings of the other four sets. The footing of the fourth set equals the footing of the fifth set of the paying teller's cash-book. The footing of the fifth set equals the sum of the deposit tickets received by the deposit book-keeper. Payments for discounts are sometimes written with red ink, in the deposit ledger.

4. As the record is made in the ticklers at the date of maturity, and no discounted paper becomes due in January, there will be nothing to post from the discount tickler.

5. *To close the collection tickler.*

Only one note left for collection, becomes due in January. The face of the note, $320.00, was paid to the receiving teller. He writes "Paid" in the remarks column, and makes the proper record in his cash-book. Post the 32 cts. to the credit of profit and loss. Make deposit ticket favor of Kingman & Co. for the net proceeds, and pass it to the deposit book-keeper. Check the two items.

6. *To close the Boston deposit register.*

Balance the book; rule off the work; bring down the red ink balance. Debit the footing on the left-hand page to the Merchants' Nat. Bank; credit the exchange to profit and lost; credit the footing of the second set on the right-hand page to the Merchants' Bank. Make the proper checks.

7. *To close the deposit ledger.*

Foot the first set of columns, and post the footing to the credit of deposits. Foot the third set and post to the debit of deposits. Find all the balances; foot the fourth set; see that the footing of the first set equals the sum of the footings of the third and fourth.

8. *To close the cash ledger.*

Foot the first set of columns; foot the second set; write the footing of the first set under the footing of the second set; write the footing of the second set under the footing of the first set; add the two amounts of the first set, and see that the amount equals the sum of the two amounts in the second set. Find the balances, and write them in the proper spaces. Foot the balances representing liabilities; foot those representing resources; see that the two footings are equal.

The teacher should be sure that the learner thoroughly understands how to make the records for all the transactions, and how to close all the books for January before he begins to write out the record for February.

MEMORANDUM FOR FEBRUARY 2, 1900.

Paid check of Joseph F. Dean on our bank for $250.75.

Paid check of David P. Evans on our bank for $37.12.

Howard Merrill deposits $700.00.

Charles P. Knowles deposits $486.53.

Discounted Hatch & Perry's draft on Robinson & Winch, Chicago, for $750.00, dated Feb. 2, 1900, payable 30 days from date. Dis. 6%. Exchange ¼%. Paid net proceeds per check on Boston, $744.37. Forwarded draft to Chicago Nat. Bank for collection.

(Dis. Reg. & Boston Dep. Reg.)

Received for collection, Edward L. Martin's draft on Craig & Soames, Boston, for $365.00, dated February 2, at 30 days. Charges $\frac{1}{10}\%$. Net proceeds to be credited to Martin when collected.

Received check for interest on United States bonds deposited in treasury at Washington to secure circulation, $150.00. Remitted check to Boston.

Received from Merchants' Nat. Bank the following checks on our bank which have been paid by that bank in Boston, and returned to us. We charge the several checks to the drawers, in the deposit ledger, and credit the total to the Merchants' Bank, in the Boston deposit register.

Arthur B. Cutter, $78.50; Hatch & Perry, $121.34; Arthur E. Jones, $26.13; George A. Gordon, $12.96; John K. Benton, $184.11.

Certified check for Lewis C. Alger, $45.50.

Issued certificates of deposit, favor of John K. Benton, for $91.81, which we charge to his acct. plus exchange.

Discounted Stephen Maloon's note for $5000.00, dated Feb. 2, 1900, payable 60 days from date, at our bank, secured by 50 shares Concord R. R. stock. Dis. 6%. Proceeds paid in cash.

Paid C. of D. $1000.00.

Sold draft on Boston for $73.25, and charged the same, plus exchange, to David P. Evans.

Hiram Call pays his note, collection #5, at our bank, $480.00.

Paid C. C. $375.87.

Sold Abel Dyer, for cash, draft on Boston for $89.28, plus exchange.

Received advice from Merchants' Nat. Bank, Boston, that W. F. Dow has paid his note, dis. #2, $600, which has been placed to our credit. (Write "Paid" in the dis. tickler, and charge the face value in the Boston dep. reg.) No charge is made by the Merchants' Bank for collecting our notes and checks, and no interest is paid to us on our deposit in that bank.

Arthur E. Jones leaves for collection James Simpson's note of this date, payable at Boston, 30 days from date. Face of note, $300.00. Charge for collecting $\frac{1}{10}\%$.

S. S. Peters & Co. pay their note at our bank, $2000.00. (Write "Paid" in dis. tickler (dis. #1) and enter the amt. in the pay. tel. c. book.)

Paid for cashier's check, #2, $500.00.

Paid Arthur B. Cutter's check, $42.18.

Paid Joseph F. Dean's check, $18.52.

Discounted note for $4500.00, signed by Wilmot, Pierce, & Co., Boston, dated Dec. 4, 1899, payable 90 days from date; discount, 5½%; Ex. ¼%, secured by $5000 3% United States bonds. Net proceeds to the credit of Geo. A. Gordon.

Issued C. of D. favor of Chester Matthews for $68.19. Recd. cash for same, plus exchange.

Received advice from Boston that Simon Crocker has paid collection #3, $800. (Write "Paid" in col. tic.; charge the face value in Boston dep. reg.; credit net proceeds to John K. Benton.)

Harvey Clay pays his note (dis. #6), $1000.00, per check #63, on Berkshire Nat. Bank, North Adams, Mass. (Dis. Tic. Rec. Tel. C. B.; Boston Dep. Reg.)

Warren C. Bliss deposits $1268.11.

Certified check for Lewis C. Alger, $230.00.

Paid cash for C. of D. #3, $47.23.

Kingman & Co. deposit for collection, their sight draft #69, of this date, on Boston Lumber Co., $644.18. Our charge for col. ⅛%.

Received draft of Northwestern Nat. Bank on Chemical Nat. Bank, New York City, to pay Haynes & Co.'s note, col. #8. Face of note, $3000.00. Their charges, $3.75. Our charges, $7.50. Face of draft, $2996.25. Net proceeds to the credit of Edwin L. Martin, $2992.50. Draft remitted to Boston.

Paid check of Charles P. Knowles on our bank, $78.12.

Bought of Kidder, Peabody, & Co. coupon bond of the Fitchburg R. R. for $1000.00, @ 1.09, payable March 1, 1927, with interest at 4%, payable semi-annually.

Seth P. Porter pays his note, dis. #3, at our bank, per check #114, on Northampton Nat. Bank. We remit check to Boston. Face of note, $5000.00.

Richard Ross deposits cash, $468.75.

Edward L. Martin deposits cash, $63.27.

Discounted Kingman & Co.'s draft on James Y. Soames, Boston, for $3000.00, payable 30 days from date. Dis. 6%. Ex. ¼%. Proceeds to the credit of Kingman & Co. as a deposit.

Sold A. B. Drew, for cash, draft on Boston for $250.00, plus exchange.

Paid C. C. $45.50.

Received cashier's check from Chemical Nat. Bank, N. Y., to pay Whittaker & Co.'s note, dis. #4, $9500.00. Their charge for col., $11.88. Face of draft #42,621, $9488.12. Remitted check to Boston.

Paid C. of D. #5, $68.19.

Sold cashier's check #4, favor of Neal Brothers, $600.00, plus exchange $\frac{1}{10}\%$.

Loaned Berkshire Co., Mass., $10,000.00, for 30 days, at 5%, payable at our bank. Paid net proceeds in cash.

Paid petty expenses, per expense book, $13.25.

Lewis C. Alger deposits cash, $71.34.

Arthur B. Cutter deposits Hatch & Perry's check #864 for $942.81. (Credit Cutter and debit Hatch & Perry.)

Henry W. Putnam deposits cash, $126.50, and cashier's check #4 of our bank, $600.00, and J. K. Larkin's check #36 on Newton Nat. Bank, $108.07. Credit Putney for total; debit cashier's acct. for $600.00; remit Larkin's check to Boston.

Paid Kingman & Co.'s checks, $38.12 and $19.14.

Certified Howard Merrill's check, $167.32.

Paid Henry W. Putnam's check, $212.71.

Arthur E. Jones deposits check of Richard Ross on our bank, $200.00. Credit Jones, debit Ross.

Arthur E. Jones deposits for collection, his draft on Armour's Packing Co., Chicago, for $2000.00, payable 30 days from date. We send draft to Chicago Nat. Bank for collection. Their charge for col. $\frac{1}{8}\%$. Our charge, $\frac{1}{4}\%$. Proceeds to the credit of Jones when collected. (Col. Reg. Col. Tic.)

Edward L. Martin leaves for collection, John P. Walker's note, dated Jan. 3, 1900, for $400.00, payable 60 days from date at our bank. Charge for collection, $\frac{1}{10}\%$. Proceeds to credit of Martin when collected.

Charles P. Knowles deposits for collection, note signed by William P. Ball, indorsed by Charles H. Whipple, for $3000.00, dated Dec. 4, 1899, payable at our bank, 90 days from date. Our charge, $\frac{1}{10}\%$.

The learner will now close and post all the books of original record, according to the directions previously given. If his work has been performed correctly, his cash ledger will be like the one given in the text-book for February. If the books differ, the work should be reviewed till the mistakes are found and rectified.

Memoranda for March 5, 1900.

Arthur E. Jones deposits cash, $28.50.

Paid Hatch & Perry's check, $174.21.

Certified check for John K. Benton, $91.86.

Paid C. of D. $91.81.

Received from Chicago Nat. Bank, draft on Park Nat. Bank, New York, for $1997.50, to pay col. #14. Proceeds to the credit of A. E. Jones, $1995.00. Remitted draft to Boston.

Paid C. C. $167.32.

Discounted note, signed by David P. Evans, of this date, for $1750.00, payable at our bank, 30 days after date, indorsed by Hatch & Perry. Dis. 6%. Proceeds to the credit of Evans as a deposit.

Sold draft on Boston, favor of John L. Day, $1000.00. Received cash, plus exchange.

Received from treasurer of Berkshire Co., check #371, on Adams Nat. Bank for $10,000.00 to pay dis. #11. Remitted check to Boston.

Issued C. of D., favor of Daniel Marston, for $31.46. Received cash, plus exchange ¼%.

Joseph F. Dean deposits cash, $71.16.

Geo. A. Gordon deposits sight draft on Williams & Sons, Boston, for $375.00, dated March 5. We remit the draft to Boston. Debit Merchants' Bank, and credit Gordon. No charge by either bank for collection.

Received from Chicago Nat. Bank, draft #5381, on Park Nat. Bank, N. Y., $749.06 to pay dis. #7. Remitted draft.

Certified check for Lewis C. Alger, $208.66.

Discounted Ross & Conant's note for $7000.00, dated March 5, 1900, payable 90 days from date, dis. 6%, secured by indorsement of Harvey Locke and Peter Moore. Paid net proceeds by cashier's check, $6895.

Paid C. C. $230.00.

William P. Ball pays collection #16 at our bank, $3000.00, per check #28, on Newton Nat. Bank. Proceeds credited to Knowles, check remitted to Boston.

Discounted note of the town of Palmer for $5000.00, payable 30 days from date. Dis. 5%. Paid net proceeds per draft on Boston, $4979.17.

Issued C. of D., favor of Isaac Fuller, for $83.74. Exchange, ¼%.

Sold Joseph Freeman for cash, draft on Boston for $150.00, plus exchange.

Paid gas bill, $11.61.

Remitted to Boston, coupon from Fitchburg R. R. bond, $20.00.

Received advice from Merchants' Nat. Bank, that Wilmot, Pierce, & Co. have paid their note, dis. #9, $4500.00.

Loaned to the city of Lowell $10,000.00, payable 60 days from date. Dis. 4%. Paid net proceeds per draft on Boston. No charge for exchange.

Received advice from Merchants' Nat. Bank, that Peter Coleman has paid collection #9, $1500.00, which we place to the credit of A. B. Cutter, less charge for collecting, $\frac{1}{10}\%$.

Howard Merrill deposits cash, $5000.00.

Paid Joseph F. Dean's check, $78.43.

Paid Hatch & Perry's check, $436.63.

John P. Walker pays cash for collection #15, $400.00. Net proceeds to the credit of Edward L. Martin, $399.60.

Paid C. C. $91.86.

Paid cash for John K. Benton's check, $600.00.

Received advice from Merchants' Nat. Bank, that James Y. Soames has paid dis. #10, $3000.00.

Paid C. of D. #7, $83.74.

Received advice from Boston that James Simpson has paid collection #11, $300.00, the net proceeds of which we credit to Arthur E. Jones, $299.70.

Paid check of David P. Evans, $49.99.

Paid express charges, $7.62.

Received advice from Boston that Craig & Soames have paid collection #10, $365.00, which we credit to E. L. Martin, less 37 cts.

Paid for stationery and stamps, $10.83.

Warren C. Bliss deposits Richard Ross's check for $250.00.

Kingman & Co. deposit cash, $250.00, and the following checks, Warren C. Bliss, $84.21; Arthur E. Jones, $630.50.

Received from Charles P. Knowles, for collection, note dated Feb. 3, 1900, signed by Joseph Kelley, payable 60 days from date, at our bank. Face of note $1600, charge for collection $\frac{1}{10}\%$. Proceeds to the credit of Knowles, when collected.

Henry W. Putnam deposits Kingman & Co.'s check, $40.50, and George A. Gordon's check, $1086.00.

Received from Merchants' Nat. Bank, Boston, the following checks on our bank, which have been paid by that bank and charged to ours: Edward L. Martin, $375.85; Charles P. Knowles, $500.00; Howard Merrill, $753.10; Henry W. Putnam, $9.27. We charge the checks to the drawers, and credit the total to the bank.

Discounted Josiah Dearbon's draft, #94, on D. C. Pratt & Sons, Providence, R. I., dated March 5, 1900, payable 30 days from date. Face of draft, $536.25. Dis. 6%. Ex. ¼%. Paid cash for net proceeds. Forwarded draft to Atlantic Nat. Bank for collection.

David P. Manson leaves for collection note, signed by Arthur B. Cutter, dated Jan. 4, 1900, payable at our bank 90 days from date. Charges, $\frac{1}{10}$%; face, $735.96.

Richard Ross deposits $375.00.

Sold Spencer Joy, for cash, draft on Boston, $432.75, plus exchange.

David P. Evans leaves for collection his draft, of present date, on J. P. Dorr & Co., Boston, payable 30 days from date. Face, $856.75; charges, ⅛%.

Hatch & Perry deposit cash, $500.00, and check of Arthur B. Cutter, $237.65.

Kingman & Co. deposit for collection their draft, #246, on National Elevator Co., Cleveland, Ohio, for $1300.00, payable 30 days from date. Remitted the draft to Union Nat. Bank, Cleveland, for collection. That bank will charge us ¼ of one % for collecting. We charge Kingman & Co. ½ of one %, and give them credit for the net proceeds when collected.

Bought of Lee, Higginson, & Co. $10,000.00, New Eng. Tel. & Tel. Co. coupon 5's, due April, 1916, @ $1.12. Paid per draft on Boston.

Leroy Young sells Eugene Webster 10 shares of our capital stock, which we transfer on our stock ledger. William E. Fuller sells Edson J. Price 5 shares of our bank stock. Debit sellers; credit buyers.

The learner will now close all the books and obtain the results as given in the cash ledger of March 5.

Memorandum for April 4, 1900.

Discounted note, signed by Frank Pease, dated Feb. 3, 1900, payable at our bank 90 days from date. Face of note, $5000.00; indorsed by Hatch & Perry, 5½%, proceeds paid in cash.

Issued C. of D., favor of Solomon Gaylord, $800.00. Recd. cash, plus exchange ⅛%.

Recd. from Atlantic Nat. Bank, Providence, draft, #9208, on First Nat. Bank, Boston, to pay dis. #16. Charges of Atlantic Bank, 67 cts. Remitted draft to Boston, $535.58.

Certified check for Hatch & Perry, $436.00.

D. M. Fiske deposits for collection draft on Denver Investment Co. for $700.00, dated April 4, 1900, payable 30 days from date. Debit charge for collection, ⅛%; credit charge, ¼%. Proceeds to the credit of Fiske. Forwarded the draft to Denver Nat. Bank for collection.

Paid C. of D. #6, $31.46.

David B. Evans deposits George A. Gordon's check, $238.84.

Joseph Kelley pays his note at our bank, collection #18, $1600.00. Our charge for collection $1.60. Net proceeds to the credit of C. P. Knowles.

Paid check of Joseph F. Dean on our bank, $77.34.

Paid Lewis C. Alger's check, $193.17.

Sold draft on Boston, favor of Sewell Cram, $750.80.

Paid C. C. $436.00.

Discounted Milo Crockett's note, dated March 5, 1900, secured by two United States bonds for $1000.00 each. Face of note, $2000.00. Time, 60 days. Rate, 6%. Paid net proceeds per cashier's check.

Remitted to Boston, coupons from New England Tel. & Tel. bonds, $250.00.

Lewis C. Alger deposits $2483.65.

Paid John K. Benton's check, $638.92.

David P. Evans pays dis. #12, per check, $1750.00.

Warren C. Bliss leaves for collection, his sight draft on Tyler Brothers, Boston, $430.25. We charge ⅛% for collecting. Credit Bliss for net proceeds, and remit draft to Boston.

Certified check for Richard Ross, $82.67.

Received draft #963, of Union Nat. Bank, Cleveland, on Third Nat. Bank, N. Y., to pay collection #21, $1296.75. Remitted draft to Boston. Credited Kingman & Co. for net proceeds, $1293.50.

Sold draft on Boston, favor of Joel Brown, $1500.00.

David B. Evans deposits cash, $328.29, and John K. Benton's check, $68.14.

Issued C. of D., favor of Nancy Potter, $75.00. Ex. ⅛%.

Paid C. C. $208.66.

Received advice from Merchants' Nat. Bank, that Bolton and Wright have paid dis. #5, $2000.00.

Remitted to Boston, coupons from United States bonds, $50,000.00 @ 2½%, $1250.00.

Discounted note, signed by Dudley White, secured by Concord R. R. stock, dated April 4, 1900, payable 60 days from date at 5½%; payable at our bank. Face value, $3000.00. Paid proceeds in cash.

Stephen Maloon pays discount #8, $5000.00.

Received the following checks on our bank from Merchants' Nat. Bank: Hatch & Perry, $71.19; Joseph F. Dean, $63.86; Warren C. Bliss, $128.57; John K. Benton, $241.05. (Credit total to bank, debit drawers.)

A. B. Cutter pays collection #19, per check on our bank. Our charges, 74 cts. Net proceeds to the credit of David P. Manson, as a transient depositor, $735.22.

Remitted to Boston, coupons from city of Omaha bonds, $25,000.00 @ 3%, $750.

Loaned Holyoke Paper Co. on note, indorsed by Clarence S. Carter and Arthur B. Sibley for $10,000.00, payable 60 days from date @ 4%. Paid net proceeds per draft on Boston.

Arthur B. Jones deposits $162.84.

Joseph F. Dean deposits Arthur B. Cutter's check, $300.00.

Town of Palmer pays Dis. #14, $5000.00.

Received from Merchants' Nat. Bank, our cashier's check #5, $6895.00. (Credit the bank, and debit cashier's acct.)

Received advice from Boston that collection #20 has been paid, $856.75.

Discounted Hatch & Perry's draft on Lucus & Smith, Lowell, Mass., for $953.00, payable 30 days from date @ 6%. Debit col. $1.50. Credit col. $3.00. Forwarded the draft to Prescott Nat. Bank. Proceeds to credit of Hatch & Perry as a deposit.

Paid rent of office, $100.00.

Paid Howard Merrill's check, $93.12.

Richard Ross deposits cash, $175.00.

Edward L. Martin deposits Henry W. Putnam's check, $649.50.

Paid Kingman & Co.'s check, $76.85.

DIVIDEND.

The student will now close all the books of original record; post all the debits and credits; and prove the correctness of the posting by footing the two sets of columns, as in previous months.

The balance of the profit and loss acct. is then found to be $3093.24. Subtracting the balance of the expense acct., $323.64, from that balance, we have $2769.60 for the net profits of the four months. But ten % of this amount must be set apart as surplus capital. Ten % of $2769.60 is $276.96. Deducting this last amount from the net profits, there will remain, $2492.64 for the payment of a dividend. Therefore it is decided to pay a dividend of two % on the shares as shown by the stock ledger of April 4.

The stock ledger is then closed, and a dividend schedule prepared, giving the names, number of shares, capital stock, and dividend of each shareholder.

The dividend schedule is as follows:

DIVIDEND SCHEDULE.

April 4, 1900.

Names.	No. of Shares.	Amts.	Dividends.
Arthur B. Cutter	50	5,000 00	100 00
Jas. F. Dean	75	7,500 00	150 00
Charles Emery	25	2,500 00	50 00
William E. Fuller	55	5,500 00	110 00
Geo. A. Gordon	200	20,000 00	400 00
Mason W. Griffin	20	2,000 00	40 00
Arthur E. Jones	80	8,000 00	160 00
Samuel Lamont	40	4,000 00	80 00
Edward L. Martin	90	9,000 00	180 00
Albert J. Monroe	70	7,000 00	140 00
Henry W. Putnam	100	10,000 00	200 00
Otis M. Shaw	30	3,000 00	60 00
Edwin B. Stone	40	4,000 00	80 00
Eugene Webster	20	2,000 00	40 00
Thomas J. Wilde	20	2,000 00	40 00
Leroy Young	80	8,000 00	160 00
Edson J. Price	5	500 00	10 00
Total	1000	$100,000 00	$2000 00

Then the stockholders who are regular depositors of the bank are credited in the deposit ledger for their several dividends. Then checks are made out and forwarded to the other stockholders for their dividends.

When these checks are paid, they will be charged to dividend acct.

The following persons were credited.

Arthur B. Cutter	$100.00
Joseph F. Dean	150.00
George A. Gordon	400.00
Arthur E. Jones	160.00
Edward L. Martin	180.00
Henry W. Putnam	200.00
	$1190.00

We now proceed to adjust the cash ledger to these changes.

1. We close the expense acct. into the profit and loss acct. by crediting expense for enough to balance the acct. $323.64 with red

ink, and debiting the profit and loss acct. for the same amt. with black ink. We designate the black ink entry by a capital "L" to indicate that the item does not come from a book of original record, but from another acct. in the ledger.

2. We then transfer the amount set apart as surplus capital, $276.96, from the profit and loss acct. to the surplus capital acct., by debiting profit and loss with red ink, and crediting surplus capital with black, marking the last item with a capital "L."

3. We then transfer the whole amt. of the dividend, $2000.00, from the profit and loss acct. to the dividend acct., in the same manner.

4. After these transfers have been made, there will remain in the profit and loss acct. $492.64, which we transfer to the undivided profits acct. in the same way.

The expense acct. and the profit and loss acct. are now cleared, and their balances will be blank at the beginning of the next dividend period.

5. But it will be remembered that we have credited $1190.00 of the dividend to depositors, in the deposit ledger. Hence, that amt. must be transferred from the dividend acct. to the deposits acct. This we do as before by debiting dividend for $1190.00 with *red ink* and crediting deposits for the same amt. with black ink.

6. We then foot the debit and credit columns, with *red ink, below the black ink footings*, indicating by their equality the correctness of the adjustments resulting from declaring the dividend.

7. We then find the balances of all the accts., and write them in the balance columns, footing the liabilities and the resources to indicate the correctness of the closing of the ledger.

The books are now ready for recording the transactions of the next period.

STOCK LEDGER.

Dr. ARTHUR B. CUTTER. Cr.

				1900 Jan. 3	50 Shares	1	5000	00

JOSEPH F. DEAN.

				1900 Jan. 3	75 Shares	1	7500	00

CHARLES EMERY.

				1900 Jan. 3	25 Shares	1	2500	00

WILLIAM E. FULLER.

1900 Mar. 5	5 Shares E. J. P.		500	00	1900 Jan. 3	60 Shares	1	6000	00

GEO. A. GORDON.

				1900 Jan. 3	200 Shares	1	20000	00

MASON W. GRIFFIN.

				1900 Jan. 3	20 Shares	1	2000	00

Dr. ARTHUR E. JONES. Cr.

		1900 Jan. 3	80 Shares	1	8000	00

SAMUEL LAMONT.

		1900 Jan. 3	40 Shares	1	4000	00

EDWARD L. MARTIN.

		1900 Jan. 3	90 Shares	1	9000	00

ALBERT J. MONROE.

		1900 Jan. 3	70 Shares	1	7000	00

HENRY W. PUTNAM.

		1900 Jan. 3	100 Shares	1	10000	00

OTIS M. SHAW.

		1900 Jan. 3	30 Shares	1	3000	00

Dr. EDWIN B. STONE. Cr.

				1900 Jan. 3	40 Shares	1	4000	00

EUGENE WEBSTER.

				1900 Jan. 3	10 Shares	1	1000	00
				Mar. 5	L. Young 10 Shares		1000	00

THOMAS J. WILDE.

				1900 Jan. 3	20 Shares	1	2000	00

LEROY YOUNG.

1900 Mar. 5	Eugene Webster 10 shares	1000	00	1900 Jan. 3	90 Shares	1	9000	00

E. J. PRICE.

				1900 Mar. 5	5 Shares N. E. F.		500	00

RECEIVING TELLER'S CASH-BOOK.

MONDAY, Jan. 3, 1900.

Date.		L. F.	Receipts. Ex-change.	Receipts. Amts. to be posted.	Receipts. Sundry Receipts.	Payments. Cks. to Dep. Bkkpr.	Payments. Drafts & For. Cks. to Coll. Clk.
1900 Jan. 3	Cap. Stock Recd. from Stockholders			100 000 00			
	Names. No. of Shares. Amt.						
	Arthur B. Cutter 50 5,000						
	Joseph F. Dean 75 7,500						
	Charles Emery 25 2,500						
	Wm. E. Fuller 60 6,000						
	George A. Gordon 200 20,000						
	Mason W. Griffin 20 2,000						
	Arthur E. Jones 80 8,000						
	Samuel Lamont 40 4,000						
	Edward L. Martin 90 9,000						
	Albert J. Monroe 70 7,000						
	Henry W. Putnam 100 10,000						
	Otis M. Shaw 30 3,000						
	Edwin B. Stone 40 4,000						
	Eugene Webster 10 1,000						
	Thomas J. Wilde 20 2,000						
	Leroy Young 90 9,000						
	1000 $100,000						
	Cash to paying teller, $100,000						
	Circulation — 90% par val. of U. S. Bonds dep. in Treasury			18 000 00			
	Cash to paying teller, $18,000						
	Warren C. Bliss dep. cash				400 00		
	Joseph F. Dean dep. cash				950 00		
	Recd. for C. of D. No. 1		1 25		1 000 00		
	Hatch and Perry dep. cash				1 600 00		
	Recd. for cashier's ck. No. 1		38		300 00		
	Howard Merrill dep. cash				650 00		
	Amounts carried forward		1 63	118 000 00	4 900 00		

RECEIVING TELLER'S CASH-BOOK.

MONDAY, Jan. 3, 1900.

Date.		L. F.	RECEIPTS. Exchange.	Amts. to be posted.	Sundry Receipts.	PAYMENTS. Cks. to Dep. Bkkpr.	Drafts & For. Cks. to Coll. Clk.
1900 Jan. 3	Amounts brought forward		1 63	118 000 00	4 900 00		
	Henry W. Putnam dep. cash				436 91		
	Kingman and Co. dep. for ck.				725 00		725 00
	David P. Evans dep. cash				236 18		
	Edward L. Martin dep. cash				1 500 00		
	Richard Ross dep. ck.				176 43	176 43	
	Geo. A. Gordon dep. cash				638 40		
	ArthurE. Jones dep. cash $300 — draft $250				550 00		250 00
	Louis C. Alger dep. cash $877.18, ck. $263.50				1 140 68	263 50	
	Recd. for draft on Boston — No. 1.				300 75		
	John K. Benton dep. cshr's ck. No. 1.				300 00	300 00	
	Arthur B. Cutter dep. draft				1 000 00		1 000 00
	Charles P. Knowles dep. cash				775 00		
	Recd. for C. of D. No. 2. (chgd. on acct.)		14		112 14	112 28	
	Received for cshr's. ck. No. 2		63		500 00		
	John K. Benton dep. cash				10 000 00		
	Recd. for Coll. No. 6 — for. ck.				320 00		320 00
	" " C. of D. No. 3		06		47 23		
	" " draft on Boston — No. 2.				501 25		
	Arthur E. Jones dep. for. ck.				10 000 00		10 000 00
	Recd. for draft on Boston — No. 3				1 604 00		
	Total drafts and foreign cks.						12 295 00
	" Cks to dep. book-keeper					852 21	852 21
	" Sundry receipts				35 763 97		
	" Amts. to be posted			118 000 00	118 000 00		
	Exchange cr. (to be posted)		2 46		2 46		
	Cash to paying teller						140 619 22
					153 766 43		153 766 43

PAYING TELLER'S CASH-BOOK.

MONDAY, Jan. 3, 1900.

Date.		L. F.	Balances and Receipts	Expense.	Amts. to be posted.	Sundry Payments.	Pro. of Dis. paid.
1900. Jan. 3	Cash from rec. teller		100 000 00				
	U. S. bonds, par value				20 000 00		
	Premium, paid 108¼% for bonds				1 650 00		
	Cash from rec. teller		18 000 00				
	Furniture and fixtures				875 25		
	Books and stationery for use in bank	✓		147 83			
	Redemption fund, 5% of circulation				900 00		
	Pd. ck. Joseph F. Dean					137 20	
	Pd. for stamps	✓		20 00			
	Pd. proceeds of dis. No. 1						1 990 00
	Pd. C. C.					78 50	
	U. S. bonds, par value				50 000 00		
	Premium, paid 110% for above				5 000 00		
	Pd. proceeds of dis. No. 2						596 40
	Pd. ck. Warren C. Bliss					37 90	
	Pd. ck. Louis C. Alger					219 87	
	Stocks and bonds, City of Omaha				25 000 00		
	Premium, paid 101% for above				250 00		
	Pd. for express on money	✓		12 50			
	Pd. ck. Geo. A. Gordon					31 12	
	Pd. ck. Joseph F. Dean					12 50	
	Pd. C. C.					160 00	
	Pd. C. of D.					112 14	
	Pd. proceeds of dis. No. 5						1 967 50
	Pd. ck. Louis C. Alger					29 07	
	Pd. ck. Kingman & Co.					13 14	
	Pd. ck. Henry W. Putnam					168 91	
	Cash from rec. teller		22 619 22				
	Total proceeds of dis. paid						4 553 90
	" Sundry payments					1 000 35	1 000 35
	" Amounts to be posted				103 675 25		103 675 25
	Expense Dr. (to be posted)			180 33			180 33
	Balance (amount in drawer)						31 209 39
			140 619 22				140 619 22
Feb. 2.	Balance		31 209 39				

DISCOUNT REGISTER.

When Discounted.	No.	Payer.	Security.	Where Payable.	Date of Note.	Time.
1900 Jan. 3	1	S. S. Peters & Co.	N. Y. C. R. R. Stock	Our Bank	1900 Jan. 3	30 days
	2	Wm. F. Dow	Simeon C. Lowe	Boston, Mass.	1899 Dec. 4	60 "
	3	Seth P. Porter	Henry W. Putnam	Our Bank	1900 Jan. 3	30 "
	4	Whittaker & Co.	Hatch & Perry	New York City	1900 Jan. 3	30 "
	5	Bolton & Wright	John K. Beals	Boston, Mass.	1900 Jan. 3	90 "
	6	Harvey Clay	10 Shares Nthw. R. R. Stock	Our Bank	1899 Dec. 4	60 "

DISCOUNT TICKLER—HOME.

Date of Maturity.	No.	Payer.	Ck.	Amt.		Remarks.
1900 Feb. 2	1	S. S. Peters & Co.		2000	00	Paid.
	3	Seth P. Porter		5000	00	Paid.
	6	Harvey Clay		1000	00	Paid.
		Bills Dis. Cr.	✓	8000	00	
1900 Mar. 5	11	Berkshire County		10000	00	Paid.
		Bills Dis. Cr.	✓	10000	00	
1900 Apr. 4	8	Stephen Maloon		5000	00	Paid.
	12	David P. Evans		1750	00	Paid.
	14	Town of Palmer		5000	00	Paid.
		Bills Dis. Cr.	4	11750	00	

DISCOUNT REGISTER.

When Due.	Tick Co.'s.	Face of Discount.	Discount.	Collection and Exchange.	Net Pro. pd. in Cash.	Net Pro. on Deposit.	To Whom Cr.	Ledger Ck.
1900 Feb. 2	✓	2000 00	10 00		1990 00		Cash	
" "	✓	600 00	3 00	60	596 40		"	
" "	✓	5000 00	25 00			4975 00	Henry W. Putnam	✓
" "	✓	9500 00	47 50	23 75		9428 75	Hatch & Perry	✓
Apr. 3	✓	2000 00	27 50	5 00	1967 50		Cash	
Feb. 2	✓	1000 00	10 00			990 00	Richard Ross	✓
		20100 00	✓ 123 00	✓ 29 35	✓ 4553 90	15393 75		

DISCOUNT TICKLER—FOREIGN.

Date of Maturity.	No.	Payer.	By whom Collected. To whom Debited.	Ck.	Face of Note.	Dr. Chgs.	Proceeds.	Remarks.
1900 Feb. 2	2	Wm. F. Dow	Merchants' National	✓	600 00			Collected.
	4	Whittaker & Co.	Chemical Natl. N. Y.		9500 00	11 88	9488 12	Collected. Remitted.
		Bills Dis. Cr.	Profit & Loss Dr.	✓	10100 00	11 88	9488 12	
1900 Mar. 5	7	Robinson and Winch	Chicago National		750 00	94	749 06	Collected. Remitted.
	9	Wilmot, Pierce, & Co.	Merchants' "	✓	4500 00			Collected.
	10	James Y. Soames	" "	✓	3000 00			Collected.
		Bills Dis. Cr.	Profit & Loss Dr.	✓	8250 00	94	✓ 749 06	
1900 Apr. 4	5	Bolton & Wright	Merchants' National	✓	2000 00			Collected.
	16	D. C. Pratt & Sons	Atlantic National, Providence, R. I.		536 25	67	535 58	Collected. Remitted.
		Bills Dis. Cr.	Profit & Loss Dr.	✓	2536 25	67	✓ 535 58	

COLLECTION REGISTER.

When Received.	No.	Payer.	Surety.	Where payable.	For whom collected.
1900 Jan. 3	1	Market National Bank	Kingman & Co.	Boston, Mass.	Our bank
	2	National Security Bank	Arthur E. Jones	" "	" "
	3	Simon Crocker	John K. Benton	" "	John K. Benton
	4	Third National Bank Boston, Mass.	Arthur B. Cutter	" "	Our bank
	5	Hiram Call	Hatch & Perry	Our bank	Hatch & Perry
	6	Manson Conant	Kingman & Co.	" "	Kingman & Co.
	7	Peoples' National Bank	Arthur E. Jones	Boston, Mass.	Our bank
	8	Haynes & Co.	Edward L. Martin	Minneapolis, Minn.	Edward L. Martin
	9	Peter Coleman	Arthur B. Cutter	Boston, Mass.	Arthur B. Cutter

COLLECTION TICKLER — HOME.

Date of Maturity.	No.	Payer.	For whom Collected. To whom Credited.	Ck	Face of Note.		Cr. Chgs.		Proceeds.		Remarks.
1900 Jan. 3	6	Manson Conant	Kingman & Co.	✓	320	00		32	319	68	Paid.
1900 Feb. 2	5	Hiram Call	Hatch & Perry	✓	480	00		48	479	52	Paid.
					480	00		48	479	52	
1900 March 5	15	John P. Walker	Edward L. Martin	✓	400	00		40	399	60	Paid.
	16	William P. Ball	Charles P. Knowles	✓	3000	00	3	00	2997	00	Paid.
					3400	00	3	40	3396	60	
1900 Apr. 3	18	Joseph Kelley	Charles P. Knowles	✓	1600	00	1	60	1598	40	Paid.
	19	Arthur B. Cutter	David P. Manson	✓	735	96		74	735	22	Paid.
					2335	96	2	34	2333	62	

COLLECTION REGISTER.

Date of Paper.	Time.	When Due.	Face of Paper.	Cr. Charges.	Dr. Charges.	Tick. Ck.	Remarks.
1900 Jan. 2	Sight		725 00				Remitted to Boston
" "	"		250 00				" " "
1899 Nov. 2	3 months	1900 Feb. 2	800 00	80		√	
1899 Dec. 15	Sight		1000 00				" " "
1899 Nov. 4	90 days	1900 Feb. 2	480 00	48		√	
1899 Dec. 4	30 days	1900 Jan. 3	320 00	32		√	
	Sight		10,000 00				" " "
1900 Jan. 3	30 days	1900 Feb. 2	3000 00	7 50	3 75	√	Sent to Minneapolis for coll.
1900 Jan. 3	60 days	1900 March 4	1500 00	1 50		√	

COLLECTION TICKLER — FOREIGN.

Date of Maturity.	No.	Payer.	By whom Collected. To whom Debited.	For whom Collected. To whom Credited.	Ck.	Dr. Chgs.	Face of Note.	Cr. Chgs.	Proceeds.	Remarks.
1900 Feb. 2	3	Simon Crocker	Merchants' National	John K. Benton	√√		800 00	80	799 20	Collected
	8	Haynes & Co.	Northwestern, N. B. Minneapolis, Minn.	Edward L. Martin	√	3 75	3000 00	7 50	2992 50	Collected Remitted
					√	3 75	3800 00	8 30	3791 70	
1900 March 5	9	Peter Coleman	Merchants' National	A. B Cutter	√√		1500 00	1 50	1498 50	Collected
	10	Craig & Soames	" "	E. Martin	√√		365 00	37	364 63	Collected
	11	James Simpson	" "	A. E. Jones	√√		300 00	30	299 70	Collected
	14	Armour Pckg. Co.	Chicago "	" "	√	2 50	2000 00	5 00	1995 00	Collected Remitted
					√	2 50	4165 00	7 17	4157 83	
1900 Apr. 3	20	J. P. Dorr & Co.	Merchants' National Cleveland, O.	David P. Evans	√		856 75	1 07	855 68	Collected
	21	Natl. Elevator Co.	Union National	Kingman & Co.	√	3 25	1300 00	6 50	1293 50	Collected Remitted
					√	3 25	2156 75	7 57	2149 18	
1900 May 3	22	Denver Investment Co.	Denver National Bank	D. M. Fiske		88	700 00	1 75	698 25	

BOSTON DEPOSIT REGISTER.

MERCHANTS' NATIONAL BANK. Dr.

Date.	No.	Drawer.	Drawee.	L. F.	Amount.	Balances.
1900						
Jan. 3	721	Wilbur Pease	Market National Bank, Boston		725 00	
	17861	Taunton Savings Bank	National Security " "		250 00	
	758	Newton National Bank	Third National " "		1 000 00	
	71	Manson Conant	Mechanics' Natl. " "		320 00	
	763	Willis Piper	Peoples' National " "		10 000 00	
		Merchants' National Bank Dr.		2	12 295 00	12 295 00
						12 295 00
1900						
Feb. 2		Balance brought down				9 895 00

BOSTON DEPOSIT REGISTER.

MERCHANTS' NATIONAL BANK. Cr.

Date.	No.	In Whose Favor.	L. F.	Exchange.	Amount.	Balances.
1900 Jan. 3	1	Levi P. Draper		75	300 00	
	2	Daniel J. Wood		1 25	500 00	
	3	William Lawton		4 00	1 600 00	
		Exchange Cr.	2	6 00		
		Merchants' National Bank Cr.	2		2 400 00	2 400 00
		Balance (amt. on deposit)				9 895 00
						12 295 00

CASH-LEDGER.

LIABILITIES. JANUARY 3, 1900.

Ledger Titles.	Debits.	Explanations.	Credits.	Balances.
Capital Stock		From Receiving Teller's Cash-Book	100 000 00	100 000 00
Surplus Capital				
Circulation		From Receiving Teller's Cash-Book	18 000 00	18 000 00
DEPOSITS	2 466 93	From Deposit Ledger	49 365 77	46 898 84
		From Boston Deposit Register, Exchange	6 00	
Profit and Loss		From Home Collection Tickler, Coll.	32	
		From Discount Register, Coll. and Exchange	29 35	
		From Discount Register, Discount	123 00	
		From Receiving Teller's Cash-Book	2 46	161 13
Dividends				
Undivided Profits				
				165 059 97
RESOURCES				
Loans and Discounts				
	20 100 00	From Discount Register		20 100 00
U. S. Bonds	20 000 00	From Paying Teller's Cash-Book		20 000 00
	50 000 00	" " " " "		
Other Stocks and Bonds	25 000 00	" " " " "		75 000 00
	250 00	" " " " "		
	5 000 00	" " " " "		
Premiums	1 650 00	" " " " "		6 900 00
Redemption Fund	900 00	" " " " "		900 00
Furniture and Fixtures	875 25	" " " " "		875 25
Merchants' National Bank	12 295 00	From Boston Deposit Register	2 400 00	9 895 00
Expense	180 33	From Paying Teller's Cash-Book		180 33
	138 717 51		169 926 90	
CASH	169 926 90	Total Receipts. Total Payments	138 717 51	31 209 39
	308 644 41		308 644 41	165 059 97

CASH-LEDGER.

FEBRUARY 2, 1900. LIABILITIES.

Debits	Explanations	Credits.	Balances.	Ledger Titles.
			100 000 00	Capital Stock
				Surplus Capital
			18 000 00	Circulation
5 507 47	From Deposit Ledger	18 598 41	59 989 78	DEPOSITS
	From Boston Deposit Register, Exchange	1 03		
3 75	From Collection Tickler, Foreign	8 30		
	" " " Home	48		
11 88	From Foreign Discount Tickler, Coll. and Exchange			Profit and Loss
	From Discount Register, Coll. and Exchange	20 63		
	" " " Discount	131 05		
	From Receiving Teller's Cash-Book	151 61	458 60	
				Dividends
				Undivided Profits
			178 448 38	
				RESOURCES
	From Discount Tickler, Foreign	8 000 00		Loans and Discounts
	" " " Home	10 100 00		
23 250 00	" " Register		25 250 00	
			20 000 00	U. S. Bonds
1 000 00	From Paying Teller's Cash-Book		76 000 00	Other Stocks and Bonds
90 00	" " " " "		6 990 00	Premiums
			900 00	Redemption Fund
			875 25	Furniture and Fixtures
20 786 62	From Boston Deposit Register	1 579 94	29 101 68	Merchants' National Bank
13 25	From Paying Teller's Cash-Book		193 58	Expense
50 662 97		38 591 45		
38 591 45	Total Receipts. Total Payments	50 662 97	19 137 87	CASH
89 254 42		89 254 42	178 448 38	

CASH-LEDGER.

LIABILITIES. | March 5, 1900.

Ledger Titles.	Debits.			Explanations.	Credits.			Balances.		
Capital Stock								100	000	00
Surplus Capital										
Circulation								18	000	00
DEPOSITS	6	271	59	From Deposit Ledger	25	534	92	79	253	11
				From Boston Deposit Register, Exchange		3	96			
		2	50	From Coll. Tickler, Foreign, Coll. and Exchange		7	17			
Profit and Loss				" " " Home, Coll. and Exchange		3	40			
			94	From Foreign Discount Tickler, Coll. and Exchange						
				From Discount Register, Coll. and Exchange		1	34			
				" " " Discount		203	93			
				From Receiving Teller's Cash-Book, Exchange			18			
				" " " " " Int.		20	00		695	14
Dividends										
Undivided Profits										
								197	948	25
RESOURCES				From Discount Tickler, Foreign	10	000	00			
Loans and Discounts				" " " Home	8	250	00			
	24	286	25	From Discount Register				31	286	25
U. S. Bonds								20	000	00
Other Stocks and Bonds	10	000	00	From Paying Teller's Cash-Book				86	000	00
Premiums	1	200	00	" " " " "				8	190	00
Redemption Fund									900	00
Furniture and Fixtures									875	25
Merchants' National Bank	25	806	56	From Boston Deposit Register	29	333	47	25	574	77
Expense		30	06	From Paying Teller's Cash-Book					223	64
	67	597	90		73	358	37			
CASH	73	358	37	Total Receipts. Total Payments	67	597	90	24	898	34
	140	956	27		140	956	27	197	948	25

CASH-LEDGER.

April 3, 1900.

LIABILITIES.

Debits.	Explanations.	Credits.	Balances.	Ledger Titles.
			100 000 00	Capital Stock
	From Profit and Loss L.	276 96	276 96	Surplus Capital
			18 000 00	Circulation
	From Dividend Acct. L.	1 190 00		
13 416 30	From Deposit Ledger	13 647 67	80 674 48	DEPOSITS
492 64	Undivided Profits			
2 000 00	Dividend			
276 96	Surplus Capital			
323 64	From Expense Acct. L.			
	From Boston Deposit Register Exchange	5 63		Profit and Loss
3 25	From Coll. Tickler, Foreign	7 57		
	" " " Home	2 34		
67	From Foreign Discount Tickler, Coll. and Ex.			
	From Discount Register, Coll. and Exchange	3 00		
	" " " Discount	131 85		
	From Receiving Teller's Cash-Book, Coll. and Ex.	1 63		
	" " " " " Int.	2 250 00		
1 190 00	To Deposits Acct. (Credited to Depositors)			
	From Profit and Loss L.	2 000 00	810 00	Dividends
	" " " " L.	492 64	492 64	Undivided Profits
			200 254 08	
				RESOURCES
	From Discount Tickler, Foreign	2 536 25		
	" " " Home	11 750 00		Loans and Discounts
20 953 00	" " Register		37 953 00	
			20 000 00	U. S. Bonds
			86 000 00	Other Stocks and Bonds
			8 190 00	Premiums
			900 00	Redemption Fund
			875 25	Furniture and Fixtures
7 369 33	From Boston Deposit Register	19 583 80	13 360 30	Merchants' National Bank
	To Profit and Loss Acct.	323 64		
100 00	From Paying Teller's Cash-Book			Expense
	These footings do not include red ink entries			
41 842 55	and transferred entries marked L.	49 919 74		
49 919 74	Total Receipts. Total Payments	41 842 55	32 975 53	CASH
91 762 29		91 762 29	200 254 08	
46 125 79		54 202 98		
54 202 98	These footings include red ink entries and transferred entries marked L.	46 125 79		
100 328 77		100 328 77		

DEPOSIT LEDGER.

WEDNESDAY, Jan. 3, 1900. FRIDAY, Feb. 2, 1900.

Names.	Deposits.	Checks.	Deposits.	Balances.	Deposits.	Checks in Detail	Checks Total.	Balances.
Alger, Louis C.	1140 68	29 07 219 87	248 94	891 74	71 34	230 00 45 50	275 50	687 58
Benton, John K.	10000 00 300 00	160 00	160 00	10140 00	799 20	91 92 184 11	276 03	10663 17
Bliss, Warren C.	400 00	37 90 78 50	116 40	283 60	1268 11			1551 71
Cashier	500 00 300 00	300 00	300 00	500 00	600 00	600 00 500 00	1100 00	
Certified Checks	160 00 375 87 78 50	160 00 78 50	238 50	375 87	167 32 230 00 45 50	45 50 375 87	421 37	397 32
Certificates of Dep.	47 23 112 14 1000 00	112 14	112 14	1047 23	68 19 91 81	68 19 47 23 1000 00	1115 42	91 81
Cutter, Arthur B.	1000 00			1000 00	942 81	42 18 78 50	120 68	1822 13
Dean, Joseph F.	950 00	12 50 137 20	149 70	800 30		18 52 250 75	269 27	531 03
Evans, David P.	236 18			236 18		73 43 37 12	110 55	125 63
Gordon, George A.	638 40	31 12 263 50	294 62	343 78	4468 12	12 96	12 96	4798 94
Hatch & Perry	9428 75 1600 00	375 87	375 87	10652 88	479 52	942 81 121 34	1064 15	10068 25
Jones, Arthur E.	10000 00 550 00			10550 00	200 00	26 13	26 13	10723 87
Kingman & Co.	319 68 725 00	13 14	13 14	1031 54	2977 50 643 37	19 14 38 12	57 26	4595 15
Knowles, Chas. P.	775 00			775 00	486 53	78 12	78 12	1183 41
Martin, Edward L.	1500 00			1500 00	63 27 2992 50			4555 77
Merrill, Howard	650 00	112 28	112 28	537 72	700 00	167 32	167 32	1070 40
Putnam, Henry W.	4975 00 436 91	168 91 176 43	345 34	5066 57	834 57	212 71	212 71	5688 43
Ross, Richard	990 00 176 43			1166 43	468 75	200 00	200 00	1435 18
Transient Depositors								
Manson, David P.								
Totals	49365 77		2466 93	46898 84	18598 41		5507 47	59989 78

COMMERCIAL PAPER.

A Bill of Exchange is an order addressed by one person to another, directing the payment of money to a third party.

The Drawer is the person who makes the order. He signs his name at the bottom of the bill, at the right hand.

The Drawee is the person to whom the bill is addressed. His name is usually written at the bottom of the bill, at the left hand.

The Payee is the person to whom the bill is payable. His name is written in the body of the bill.

A bill of exchange may be either *domestic* or *foreign*.

A Domestic Bill of Exchange is one, the drawer and drawee of which both live in the *same* State or nation.

A Foreign Bill of Exchange is one, the drawer and drawee of which live in *different* States or nations.

A bill may be drawn payable at *sight* or on *time*.

A Sight Bill of Exchange is one payable when presented for payment, or after the customary days of grace.

A Time Bill of Exchange is one payable at the expiration of a definite time "after sight," or "after date."

"*After sight*" means after the paper is presented to the drawee for acceptance.

"*After date*" means after the day on which the paper is dated.

It will be perceived that in foreign bills it makes considerable difference whether the time is after date or after sight; for paper may have to be sent half round the earth before it can be presented for acceptance.

A bill should be presented within a reasonable time to the drawee, for acceptance, in order to hold the indorsers responsible if the bill should be "dishonored."

A bill is said to be "dishonored" when acceptance or payment is refused.

The drawee accepts a bill by writing the word "Accepted," together with the date and his name, across the face of the bill. This is usually done with *red ink*, so that the acceptance may be more readily noticed.

An acceptance may be either general or conditional.

A General Acceptance is one in which the bill is accepted as it is written.

A Conditional Acceptance is an acceptance qualified by some condition of time, place, or circumstance.

A bill of exchange is either *negotiable* or *non-negotiable*.

A Negotiable Bill is one made payable to the *bearer*, or to the *order* of the payee.

A Non-negotiable Bill is one made payable to the payee *only*.

The **Holder** of a bill is the party who is the legal owner.

A bill made payable to the *bearer* may be transferred to another holder simply by *delivery*, without any written order.

A bill made payable to the payee, or to his order, may be transferred by indorsement.

An Indorsement is a written order of the holder of business paper transferring it legally to another party.

Indorsement is of two kinds — "in blank" and "in full."

Indorsement in Blank is done by the payee's simply writing his name across the back. Such an indorsement is construed to mean, "Pay to the bearer." The holder may restrict the indorsement to a single individual by writing "Pay to the order of" the person, above the blank indorsement.

Indorsement in Full is done by the payee's writing "Pay to the order of" the person, over his own name.

An **Indorsee** is the person to whom the paper is made payable by the indorser.

If a person wishes to transfer business paper, and does not wish to become responsible for its payment, he may write above his name "Without recourse." This will convey the *title* to the indorsee, but will free the indorser from responsibility for payment.

A bill should be presented for acceptance within a reasonable time, during business hours, to the drawee, or to his agent authorized to accept, or the holder loses his remedy for non-payment on the previous indorsers.

A bill should be presented for payment the very day on which it legally becomes due, at the residence or place of business of the payee, in business hours.

If payment is refused, proper notice should be given to every person who is to be held responsible for the payment.

The right of notice may be "waived" by any indorser by writing "I waive notice," over the indorser's signature.

If a bill is dishonored, that is, if payment is refused, it should at once be protested before a notary public.

A Draft is similar to a bill of exchange, only a little less formal.

A Check is a money order like a draft, only still less formal, drawn by a depositor, on a bank in which he keeps a deposit of money. A check should be presented for payment without delay, and should be paid at sight without grace.

A Certified Check is a check drawn by a depositor and certified to be good by an officer of the bank on which it is drawn. When a check is certified it is charged to the drawer, and the bank becomes holden for its payment.

A Certificate of Deposit is a certificate issued by a bank that a certain person has deposited a certain amount of money, payable to another person, or his order, at a stated time, or whenever the certificate is presented properly indorsed. Such paper is convenient, and readily negotiated, because the bank issuing it is holden for its payment.

A Cashier's Draft is a draft drawn by the cashier of a bank on another bank, for the payment of money to a third party. The bank issuing such a check is holden for payment if the other bank refuses to honor it.

A Letter of Credit is a draft, in the form of a circular letter, addressed to *several persons*, or banks, as drawees, each one of whom is directed to pay a part, or the whole amount of the draft, to the payee, when presented for payment, until the whole is paid.

Such circular letters are very convenient for persons travelling in foreign countries.

The checks, drafts, etc., mentioned above are all merely modifications of the bill of exchange, and are subject to the same rules, regulations, and laws.

PROMISSORY NOTES.

In all these forms of commercial paper there is no *direct* promise to pay, though there may be an *implied* promise. The drawer orders the drawee to pay a certain sum of money to the payee. If he accepts the bill when presented, the common law construes that acceptance as a promise to pay the bill according to its conditions. If he refuses to accept the bill, then the *drawer* is held responsible for its payment.

But for many purposes, business men prefer a form of commercial paper in which there is a direct promise of payment. Hence, a

promissory note is frequently used rather than a draft or bill of exchange.

A Promissory Note is a written promise to pay a certain sum of money.

The Maker of a note is the party who promises to pay. He is sometimes designated as the payor or promisor. He holds the same relative position in regard to a note as the acceptor does to a draft. His name is signed at the bottom of the note, at the right hand. The holder should first demand payment of a note from the maker. If he refuses or neglects to pay, then payment should be demanded of the sureties.

The Payee of a note is the party to whom the promise of payment is made. He is sometimes called the promisee or the original holder. His name is written in the body of the note.

He may convey his title to another party by indorsement in the same manner as does the payee of a draft.

A promissory note may be written with pen or pencil, on paper, or on any substitute for paper; it must contain a promise, without any conditions; must be payable in money; must be issued for a consideration; and the time of payment must not be contingent.

A Demand Note is one payable when payment is demanded.

A Time Note is one payable at the end of a specified time.

An Individual Note is one signed by only one party, as payer.

A Joint Note is one signed by two or more parties, each of whom is holden to pay his share; but neither party can be compelled to pay the whole amount, if the other party refuses to pay.

A Joint and Several Note is one in which two or more persons jointly and severally promise to pay. In this case each is responsible to the payer for the whole amount, if the other parties do not pay their share.

A note signed by a *firm* is a joint and several note. All the partners are jointly and severally holden.

A Chattel Note is one in which a promise is made to pay a certain sum of money, in certain commodities, at certain prices, under specified conditions. The amount must be stated in *money*, and the payer may choose whether he will deliver the commodities, or pay the money. The payee has no choice.

A Collateral Note is one the payment of which is secured by the deposit of valuable securities, with authority to sell the same if payment is not made according to the conditions.

A Mortgage Note is one the payment of which is secured by a mortgage on real or personal property.

A Mortgage is a *deed* conveying the title of the property to the *mortgagee;* but with a *proviso* that the deed shall be *void,* if certain conditions are complied with, otherwise, to be valid.

An Interest Bearing Note is one in which it is distinctly stated that it is payable with interest.

Interest can be collected on a demand note after payment is demanded.

Interest on a time note can be collected, if unpaid after the time expires, whether demand has been made or not.

A Coupon Note is a *time* note with interest payable at certain periods, having small notes attached for the interest of the several periods, to be removed and delivered to the payee as they are paid.

When no coupons are attached to a note, payments of interest, and partial payments of principal should be indorsed on the back of the note by the payer, giving the date and the amount.

What has been said above in respect to indorsers, demand of payment, notice, liability of parties, etc., of bills of exchange, is substantially true of promissory notes.

It is simply necessary to remember that the maker of a note corresponds to the acceptor of a draft, and the payee of a note to the drawer of a draft.

Days of Grace are three days allowed for the payment of commercial paper after it becomes nominally due.

When a note or bill, entitled to days of grace, becomes due on *Sunday,* or on a legal *holiday*, it is payable the day *before.*

Commercial paper *not* entitled to days of grace is payable the day *after.*

When a legal holiday comes on Saturday, paper due on Sunday, entitled to days of grace, must be paid *Friday;* paper *not* so entitled may be paid Monday.

STATUTE OF LIMITATIONS.

The statute of limitations does not extinguish a debt, but simply limits the time in which the holder may bring an action for payment. In most States, the limit is *six years.* At the expiration of that time, a claim is said to become "outlawed." Residence of the payer out of the State is not reckoned in making up the limit of time. Pay-

ment of interest, or a part of the principal, renews a note from the time of its indorsement.

In some States a witnessed note, and judgments of the courts, do not become outlawed until the expiration of *twenty* years.

A note based upon a fraudulent or illegal transaction, or one issued without a good or valuable consideration, is *void* in the hands of the original *holder*, but *good* in the hands of an *innocent* third party.

A note signed by a *minor* is *voidable*, on the plea of *infancy*. It is not *void;* but the maker may disavow it and thus annul it; or he may confirm the contract by a new note after he becomes of age; then it becomes a legal claim without any further consideration.

FORMS OF COMMERCIAL PAPER.

BILL OF EXCHANGE ON LONDON.

£500. BOSTON, MASS., Jan. 20, 1900.

Sixty days after sight of this our first bill of exchange, of this tenor and date (second and third unpaid), pay to the order of Samuel Walker & Sons, Five Hundred Pounds sterling, value received, and charge the same to the acct. of

DRAPER & PRICE.

To ROSWELL BRUCE & Co.,
#468 Blank Street, London.

Roswell Bruce & Co. Legal Form.

Formerly bills of exchange were written in sets of three, only one of which was to be paid. This precaution was then necessary on account of the uncertainty of communication; but the custom is now becoming obsolete. However, we give the common form.

A foreign bill of exchange is always drawn payable in the currency of the country upon which it is drawn. The above bill being drawn on *London* is made payable in pounds sterling, — the currency of *England*.

It is dated January 20. But it does not reach London till February 1 — twelve days after it was drawn. As it was drawn payable sixty days after *sight*, it will become due sixty days after Feb. 1, 1900.

BILL OF EXCHANGE ON BOSTON.

$5000. LONDON, ENG., Jan. 20, 1900.

Sixty days after date of this our first bill of exchange (second and third not to be paid), pay to the order of C. H. White & Co. Five Thousand Dollars, value received, and charge to the acct. of

ROSWELL, BRUCE, & CO.

To DRAPER & PRICE,
967 Spring Street,
Boston, Mass.

As this bill is drawn on parties in Boston, it is made payable in the currency of the United States. As it is made payable sixty days after *date*, it will become due twelve days sooner than the previous bill, although both are of the same date.

TIME DRAFT.

CHICAGO, ILL., Aug. 8, 1900.

Thirty days after date pay to the order of Jordan, Marsh, & Co. $150.00, value received, and charge to the acct. of

WILSON & HOLT.

To DAVIS & WILLOUGHBY,
763 Tyle Street,
Boston, Mass.

PERSONAL CHECK.

LAWRENCE, MASS., Aug. 14, 1900. No. 496.

Traders National Bank, pay to the order of
Nathan Harper $271.14
Two Hundred Seventy-one . . . . . $^{14}/_{100}$ Dollars

JOHN S. PAYWELL.

CASHIER'S DRAFT.

Commercial College Bank.

CHICAGO, ILL., Aug. 21, 1900. No. 24,918.

Pay to the order of Peter Taylor $5000
Five Thousand . . . . . Dollars

SOLON MOORE, *Cashier.*

To NINTH NATIONAL BANK,
New Orleans.

CERTIFIED CHECK.

WHEELING, WEST VIRGINIA, May 9, 1900. No. 1724.

Business College Bank, Pay to the order of

John Gould $421.14

Four Hundred Twenty-one . . . . . $^{14}/_{100}$ Dollars

SELWIN POOR.

CERTIFICATE OF DEPOSIT.

SAN FRANCISCO, CAL., May 14, 1900. No. 21,491.

Golddust National Bank, This is to certify that Peter Wilson has deposited in this bank

One Hundred Fifty . . . . . $^{57}/_{100}$ Dollars, payable to the order of Nathan Wells, on the presentation of this certificate, properly indorsed.

$150.57. AMOS WEED, *Cashier.*

NOTE. — TIME. — INDIVIDUAL.

MANCHESTER, N. H., March 17, 1900.

Value received, I promise to pay

Ira A. Andrews, or order $76.98

Seventy-six and . . . . . $^{98}/_{100}$ Dollars, thirty days after date.

MOSES SANGER.

NOTE. — DEMAND. — JOINT.

BOSTON, April 2, 1900.

On demand, we jointly promise to pay

Oliver B. Adams, or order $63.43

Sixty-three and . . . . . $^{43}/_{100}$ Dollars, Value received,

M. N. PETERS.
DAYTON RICHARDS.

NOTE. — JOINT AND SEVERAL. — TIME. — INTEREST.

$4000. PROVIDENCE, R. I., Feb. 2, 1900.

Three years from date we, jointly and severally, promise to pay Lyman Johnson, or order,

Four Thousand . . . . . Dollars

Value received, with interest annually, at 5 per cent.

JOSEPH TRUE.
MOSES MILLER.

NOTE. — CHATTEL. — NON-NEGOTIABLE.

SALEM, MASS., Dec. 24, 1899.

Value received, six months from date, I promise to pay George E. Smith,
Seventy-nine and . . . . . $^{14}/_{100}$ Dollars,
payment to be made in number one oats, delivered at his store, at forty-five cts. per bushel.
$79.14. MARK S. CALDERWOOD.

COLLATERAL NOTE.

CLEVELAND, OHIO, June 21, 1900.

Value received, ninety days after date, I promise to pay the Cleveland Savings Bank, or order $3000
Three Thousand . . . . . Dollars,
and as security for the payment of the same, I herewith deposit a certificate of fifty shares of New York Central Railway stock, with authority to sell the same at public or private sale, provided that this note is not paid at maturity.

JOSEPH B. KNIGHT.

DUE-BILL. — CASH.

ATLANTA, GEORGIA, Oct. 2, 1900.

Due John F. Smith
Twenty-five . . . . . Dollars,
to be paid on demand.

ASA D. DANFORTH.

DUE-BILL. — MDSE.

$15.75. NEW YORK, N. Y., July 6, 1900.

Due John B. Bronson
Fifteen and . . . . . $^{75}/_{100}$ Dollars,
to be paid in mdse. from my store, on demand.

SOLOMON WENTWORTH.

INDORSEMENTS.

"Indorsement in blank." JOHN M. SMITH.	"Indorsement in full." Pay to the order of JOHN BROWN. JOHN M. SMITH.	"Restricted indorsement." Pay to the order of JOHN BROWN, without recourse. JOHN M. SMITH.	"Waiving demand and notice." Pay to the order of JOHN BROWN, waiving demand and notice. JOHN M. SMITH.

In the above indorsements, John M. Smith is the indorser, John Brown the indorsee.

Partial payments of commercial paper should also be indorsed on the back, in the hand-writing of the payer, and signed by the holder.

RECEIPT FOR MONEY ON ACCT.

ALBANY, NEW YORK, March 9, 1900.

Received of Horace French $39.28

Thirty-nine and . . . . . $^{28}/_{100}$ Dollars,

to apply on %.

JAMES F. TAYLOR.

RECEIPT IN FULL.

BELFAST, MAINE, April 17, 1900.

Received of J. W. Churchill $87.12

Eighty-seven . . . . . $^{12}/_{100}$ Dollars,

in full of all claims and demands to date.

PETER WARNER.

RECEIPT FOR MONEY ON NOTE.

PUEBLO, COLORADO, June 8, 1900.

Received of Robert Boyle $100.00

One Hundred . . . . . Dollars

which amount has been indorsed on his note of April 11, 1900.

LYMAN LAMPREY.

Questions for Review.

What is a bill of exchange? Who is the drawer? Where does he sign his name? Who is the drawee? Where is his name written? Who is the payee? Where is his name written? What is a foreign bill of exchange? What an inland bill? What is a sight bill of exchange? What is a time bill? What is time after sight? Time after date? Explain the difference?

What are days of grace? On what kinds of commercial paper are days of grace allowed?

When should a bill be presented for acceptance? Why? When is a bill said to be dishonored?

How is a bill accepted? Who is the acceptor of a bill? What is a general acceptance? What a conditional acceptance? What is a negotiable bill? What is a non-negotiable bill? How may a bill payable to bearer be transferred? How one payable to order? What is meant by indorsement? What is indorsement in full? In blank? Who is the first indorser? Who is an indorsee? How may indorsements in blank be restricted? How many indorsers may there be? For what is each indorser holden? What must be done in order to hold the indorsers? What is the effect of the words "Without recourse"? What is said of presenting a bill for acceptance? Effect of failure? When should a bill be presented for payment? Where? If a bill is dishonored, who should be notified? Effect if not notified? How can right of notice be waived? What kind of a bill should be protested? By whom?

What are drafts? What are checks? When should checks be presented for payment? When should they be paid?

What is a certified check? Who is the legal payer of a certified check?

What is a certificate of deposit? Who is responsible for its payment?

What is a cashier's draft? Why better than an individual check?

What is said of an implied promise? What of direct promise? If the drawee accepts a bill, what does the law presume? If he refuses to accept the bill, what does the law presume? What is often used in preference to the bill of exchange? Why?

What is a promissory note? When is it negotiable? When non-negotiable? Who is the maker of a note? Why called payor? Why promisor? What is said of the maker of a note as compared

with the acceptor of a draft? Where does he sign his name? Who is the payee? By what other names is he called? Relation of payee and drawer? Where is the payee's name written? How may he convey his title? Conditions necessary for a valid promissory note?

What is a time note? What is a bankable note? What is a demand note? When due? When payable?

What is an individual note? What is a joint note? For what is each party liable?

What is a joint and several note? For what is each person holden? What is said of a firm note?

What is a chattel note? Which party has the option in payment?

What is a collateral note?

What is a mortgage note?

What is an interest bearing note?

When can interest be collected on a note or bill?

What is a coupon note?

Where should partial payments be recorded? By whom? How? What is said about indorsers, demand, notice, etc.?

What is the rule when commercial paper becomes due on Sunday? On a holiday?

When does a note become outlawed? What is the effect of residence out of the State? The effect of payment?

What is said in regard to a witnessed note? The effect of fraud on a note in the hands of the original holder? An innocent holder?

What is said of a note signed by a minor?

INDEX

Acceptances, 44.
Accepted draft, 44.
Acceptor, 45.
Accommodation accts., 2.
Accounts, 2, 98.
Account sales, 157, 172, 173, 184.
Adjusting cash-ledger, 254.
After date, 273.
After sight, 273.
Assets, 1.

Balance account, 99, 119, 124, 129, 148, 150.
Bank, private, state, national, savings, 192.
Bank account, 67.
Bank checks, 58.
Banking, 192.
Barter, 4.
Bill-book, 3, 31.
Bill of exchange, 273, 278, 279.
  domestic, 273.
  foreign, 273.
  sight, 273.
  time, 273.
  negotiable, 274.
  non-negotiable, 274.
Bills payable, 3, 10, 31, 99.
Bills receivable, 3, 10, 31, 98.
Blue slips, 57.
Book-keeper, deposit, 225.
  general, 225.
Book-keeping, 1, 2, 98.
Books, of single entry, 3.
  of double entry, 101, 102, 103.
  of savings bank, 193.
  of national bank, 226.
Boston deposit register, 196, 198, 208, 228, 234, 266.
Business transaction, 1.

Capital, 1.
Capital, net, 1.
Capital stock, 223, 239.
Cash, 3.
Cash account, 99.
Cash-book, 3, 5, 6, 8, 31, 76, 83, 86, 130, 142, 146, 178.
  diagram of, 6.
  of savings bank, 193, 204.
Cashier of national bank, 225.
Cash-ledger, 230, 235, 254, 268.
Cash-register, described, 57.
Cash transactions, 4.
Certificate of deposit, 240.
Certified checks, 240, 280.
Certifying checks, 240.
Charge slips, 63.
Check-book, 3, 66.
Checks, 58, 279.
Circulation of national banks, 224.
Closing, cash-book, 5, 8.
  ledger, 28, 112, 120, 126, 127.
  receiving teller's cash-book, 243.
  paying teller's cash-book, 244.
  discount register, 244.
  collection tickler, 245.
  Boston deposit register, 245.
  deposit ledger, 245.
  cash-ledger, 245.
Clearing-house clerk, 225.
Collection clerk, 225.
Collection register, 232, 234, 264.
Collection tickler, 228, 234, 264.
Commission, 157.
Commission business, 157, 176.
Commission merchant, 157.
Consignee, 157.
Consignment, 157.
Consignor, 157.
Corporate powers of national banks, 222.

Corrected ledger, 27.
Credit, 2.
Credit ledger, 69.
Creditor, 2.
Credit slips, 63.
Currency register, 232.

Day-book, 3, 15, 16, 20, 50, 75, 83, 101, 104.
Days of grace, 44.
Debit, 2.
Debits and credits, 2, 10, 99.
Debt, 1.
Debtor, 2.
Delivery, 43.
Demand notes, 42.
Deposit book-keeper, 225.
Deposit ledger, 194, 210, 229, 234, 272.
Deposit of bonds, 223.
Deposit register, 196, 198, 208, 234.
Deposits, balance of, 221.
Diagrams, 6, 12, 17, 26, 30, 107, 111, 127.
Dime savings bank, 198.
Directions for making entries, 76.
Directors of national banks, 223.
Discount account, 99.
Discount clerk, 225.
Discount register, 226, 234, 262.
Discount tickler, 227, 234, 262.
Dishonored paper, 273.
Dividend, 212, 214, 219, 220, 253.
Dividend-book, 233.
Dividend schedule, 214, 220, 254.
Double entry, 2, 98.
Drafts, 43, 44, 279.
Drawee, 44, 45, 58, 273.
Drawer, 44, 45, 58, 273.

Equation of payments, 185, 186.
Exchange, bill of, 44, 278.
Expense acct., 99.

Firm, 46.
Five column journal, 166.

Gain, 1.
Gain, net, 1.
General book-keeper, 225.
General principles, 99.
Guaranty fund, 212, 213, 219.

Holder, 43, 274.

Indorsee, 43.
Indorsement, 43, 274.
Indorser, 43, 45, 274.
Ink, red, 7.
Inside salesmen, 59.
Interest acct., 99.
Interest notes, 42.
Inventory, 36.
Inventory-book, 3, 32, 74.
Investment, 1.
Invoice-book, 158.
Invoice, outward, 158.
Invoice register, 68.

Joint commission business, 175, 176.
Joint consignment, 175.
Joint shipment, 158, 175.
Journal, 102, 105.
Journal-day-book, 134, 141, 143.
Journalizing, 106.
Journal, six column, 152, 153.
Journal, special column, 163, 165.

Ledger, 3, 13, 17, 24, 27, 28, 58, 64, 73, 75, 103, 108, 194.
Ledger, corrected, 27.
Ledger deposit, 210.
Ledgers, credit, debit, 58.
Ledgers, private, purchase, sales, 58.
Legal tender, 224.
Liabilities, 1, 223.
  not shown in ledger, 138.
  of shareholders of national banks, 223.
Loan register, 195, 198, 202.
Loans of national banks, 224.
Loss, 1.
  net, 1.
Loss and gain acct., 99.

Maker, 42, 45.
Merchandise, 3.
Merchandise acct., 99.
Messenger, 225.

National banks, 192, 222.
Negotiable paper, 42.
Net, gain, loss, capital, 1.
Notes, promissory, 42.
Notes, forms of, 278–283.

Offering-book, 233.
Officers of savings bank, 193.
Officers of national bank, 225.
Order-book, 3, 63.
Orders, 43, 44, 47.
Organization of national bank, 222, 235.
Original holder, 278.
Outside salesmen, 59.
Outward invoice, 158.

Paid-out-slips, 63.
Partner's acct., 98.
Partnership, 13, 45, 143.
Pass-book, 3, 67, 195, 210.
Payee, 42, 58, 273.
Payer, 42.
Paying teller, 225.
Paying teller's cash-book, 226, 233, 261.
Personal accounts, 2, 98.
Posting, 23, 25, 142, 167.
  from cash-book, 142, 146.
  from books of original entry, 167.
President of national bank, 225.
President of savings bank, 193.
Principles for journalizing, 99.
Private banks, 192.
Proceeds, net, 157.
Promissory notes, 42, 275.
Proof of journalizing, 106.
Proof of posting, 25, 109, 148, 172.
Proof sheet, 25, 35, 38, 109.
Property, 1.
Property accts., 2.
Proprietor, 1.
Proprietor's accts., 98.
  rules for, 11.
  diagram for, 12.
Public school national bank, 239.
Purchase-book, 74, 84.
Purchase-ledger, 58.

Questions, 4, 9, 14, 16, 17, 42, 45, 74, 90, 133, 151, 157, 167, 174, 191, 197, 236, 283.

Real estate, 3.
  of national banks, 222.
Real estate acct., 99.
Receipts, 282.
Receivable, bills, 10, 31, 98.
Receiving-sales-book, 168, 170, 180.
Receiving teller, 225.
Receiving teller's cash-book, 226, 233, 259.
Recording transactions, rules for, 15.
Red ink, 7.
Red slips, 57.
Redemption fund, 239.
  of bank notes, 224.
Register, Boston deposit, 228.
  currency, 232.
  invoice, 68.
  loan, 202.
  stock and bond, 202.
Reports of national banks, 225.
Reserved profits, 214.
Resources, defined, 1.
  not shown on ledger, 138.
Rules, 5, 7, 10, 11, 15, 120, 158, 161, 175, 185.

Sales-book, 3, 75, 85, 145.
Sales-ledger, 58, 73.
Salesmen, 59.
Savings bank, 192.
Shipment, 157, 159.
  joint, 158.
  rules for, 158.
Sight draft, 44, 48.
Single entry, 2, 98.
Six-column journal, 155, 156.
Skeleton cash-book, 6.
  day-book, 16.
  statement, 30.
  double entry day-book, 101.
  double entry journal, 102.
Slips, 57, 63.
Special column journal, 163, 165, 166.

Special column journal-day-book, 152, 153.
Standard ledger, 17.
Standing ledger, 233.
State banks, 192.
Statement book, 233.
Statement of resources and liabilities, 29, 30, 35, 38, 40, 41, 52, 89, 97.
Statute of limitations, 277.
Stock and bond register, 196, 198, 202, 233.
Stock ledger, 229, 234, 256.
Sundry banks register, 232.
Surplus capital, 224.

Tabular statement, 233.
Teller, receiving, paying, 225.
Tickler, collection, 228.
discount, 227.
Time notes, 42.
Treasurer of savings bank, 193.
Trial balance, 125, 148, 150.

United States bond deposit register, 232.
United States banks, 192.
Use of red ink, 7.

Voucher clerk, 225.

Wholesale business, 74, 77, 141.
Witnessed note, 278.

Yellow slips, 57.